DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS FOR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

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PART 8

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, MAY 6, 1986.

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

NATIONAL SCIENCE FOUNDATION

WITNESS

DOUGLAS E. VAN HOUWELING, VICE PROVOST FOR INFORMATION TECHNOLOGY, THE UNIVERSITY OF MICHIGAN, COUNCIL CHAIRMAN, EDUCOM

Mr. STOKES [presiding]. The Committee will come to order.

Our first witness this morning will be Dr. Douglas Van Houweling, University of Michigan. Dr. Van Houweling, we are pleased to have you here. You may proceed in any way you would like.

Mr. VAN HOUWELING. Mr. Chairman and Members of the Subcommittee, I am Douglas Van Houweling, the Vice Provost for Information Technology from the University of Michigan and currently Council Chair of EDUCOM.

EDUCOM is a nonprofit consortium of over 500 colleges and universities interested in sharing information technology resources. I am honored and pleased to have this opportunity to appear before you. I wish to speak to you today regarding a major opportunity we now have to establish a comprehensive national higher education communications network.

A confluence of technological and institutional initiatives provides the United States with a unique opportunity to take a major step forward in data networking for higher education. I wish to describe this opportunity, its benefits, and the modest steps required to insure its realization.

First of all, I would like to talk about the institutional initiatives. None of the existing networks, however, can provide the full range of service needed by the United States higher education community. Most do not have adequate capacity, and many are open only to members of an individual discipline or sub-discipline. These network initiatives have nevertheless provided a sound base of experience in the planning, use and operation of multi-university networks.

The National Science Foundation, through the Office of Advanced Scientific Computing, has launched a networking effort to interconnect the supercomputing facilities it has established and is supporting.

The telecommunications industry has recently been deregulated with a resulting surge in investment, technological development, and competitive pricing. There is excess capacity in segments of the satellite and terrestrial communications infrastructure. Suitably organized, higher education could use some of the capacity to substantially capitalize the physical communication facilities required for a comprehensive higher education network.

I would like to address the technological factors briefly. Recent developments in satellite and fiber optic transmission technology, local-area networking, and protocol standardization have combined to create the technical preconditions for a major advance in interinstitutional networks.

What are the benefits from a higher education network? The benefits of a comprehensive national higher education computing network would redound to improved research, higher quality education, and more uniform access to facilities and information.

Electronic mail and conferencing play an integral role at many universities and are widely used to communicate not only within a university but also with the outside world.

There are a number of research uses. First the national network would enhance access to the unique large-scale and special-purpose computing facilities rapidly becoming available at universities across the nation. These facilities extend well beyond super-computers and are likely to include special-purpose software and hardware. Researchers would not be limited to the facilities of their local campus, but would be able to take advantage of the enormous diversity of higher education computing facilities nationwide.

Second, the national network would provide the potential of providing workstation-based collaboration among scholars across the nation.

Third, a national higher education network also could provide access to the collected library resources of the nation's major research libraries.

Fourth, experiments in electronic publication of scholarly information and proposal submission are beginning to be executed at several universities. These experiments could lead to greatly reduced cost, improved comprehensiveness, and more timely access to scholarship throughout the higher education community. It also has strong educational implications.

Perhaps, however, because so much of the impetus for interuniversity networking has come from research support agencies, such as DARPA and NSF, most of the benefits that have been realized to date have redounded to research. A national higher education network could also support student use.

Second, the national network would provide student access to specialized and large-scale resources so that students would be better trained to use such scientific instruments as super-computers.

Third, inter-student communication across universities has the potential to return benefits similar to that now obtained through faculty communication.

I would like to make a few comments on policies that would enhance our ability to reach this network. Fortunately, achieving the reality of a comprehensive national higher education network does not require the establishment of a new organization or the expenditure of large sums of Federal funds. The confluences highlighted above mean that the policy needed is primarily one which supports facilitating and modestly expanding activities already underway at the National Science Foundation and in the higher education community.

The ongoing program in the National Science Foundation Office of Advanced Scientific Computing is already serving as a stimulus to the creation of many of the elements required for the establishment of a national higher education network. The NSF needs only to broaden the charge of that program beyond the constraints of researcher access to supercomputers to full faculty and student access in support of broader range of network services outlined above. While such an augmented charge will add modestly to the budget for networking, the cost will be far less than the cost of a supercomputing center, and the benefits will be far more comprehensive and fundamental to higher education and research in the United States.

In summary, there is some urgency associated with this initiative. The institutional and technological confluences outlined above will not remain static. If we fail to create a comprehensive national effort, regional and disciplinary initiatives will come to dominate inter-institutional networking and will not be easily displaced.

The establishment of a suitably powerful and ubiquitous national network for higher education will make the United States a leader in access to the fruits of modern information technology. If the higher education community, assisted by the National Science Foundation, is able to develop and utilize such a network, it will have laid the foundation for profound developments, not only in research activities, but also in instructional activities. The United States has the opportunity to take a major step into the future.

Thank you.

[The statement of Douglas E. Van Houweling follows:]

STATEMENT
ON
NATIONAL NETWORKING
FOR
HIGHER EDUCATION
IN THE
UNITED STATES

Statement to the
House Subcommittee on HUD - Independent Agencies

Submitted by
Douglas E. Van Houweling
Vice Provost for Information Technology
The University of Michigan
Council Chairman, EDUCOM
May 6, 1986

INTRODUCTION

Mr. Chairman and members of the subcommittee, I am Douglas Van Houweling, the Vice Provost for Information Technology from from the University of Michigan and currently Council Chair of EDUCOM. I am honored and pleased to have this opportunity to appear before you. I wish to speak to you today regarding a major opportunity we now have to establish a comprehensive national higher education communications network.

National need

Colleges and universities in the United States play many roles. They are expected to produce graduates able to compete intellectually with the best in the world. They are expected to provide much of the basic research on which the nation depends for its economic prosperity and national security. And, increasingly, they are being asked to collaborate with industry and government to expedite the flow of human and intellectual capital from campus to application.

At the same time higher education is attempting to meet these demands for higher quality support of national needs, resources have become increasingly constrained. As a result, colleges and universities alike are increasing their investment in information technology to enhance the effectiveness of research and educational processes. More and more of the important intellectual output of the higher education community first exists in digital form as bits processed on silicon chips and stored on ferric oxide in computers.

The Congress and the National Science Foundation, in establishing the program for Advanced Scientific Computing, has recognized the crucial role of information technology in higher education by providing support for two activities which individual colleges and universities could not accomplish with their resources alone -- a group of supercomputing centers and a national network.

While the centers have received the most attention, the network almost certainly is of equal importance. First, the supercomputing centers will not be successful without very high quality network access. Second, effective inter-institutional sharing and cooperation based on the increasing role of information technology for scholarly activities in all fields will be impossible without broad, convenient access to an inter-institutional network.

A confluence of technological and institutional initiatives provides the United States with a unique opportunity to take a major step forward in data networking for higher education. I wish to describe this opportunity, its benefits, and the modest steps required to insure its realization.

THE OPPORTUNITY

Only a few years ago, it would not have been feasible to create a national network for higher education. Due to a confluence of institutional initiatives and technological factors, it is now possible to create such a network.

Institutional Initiatives

The higher education community has recognized increasingly the importance of high quality inter-institutional networks. As a result, a number of activities and organizations are making substantial investments and have gained experience in network capabilities. Existing networks such as BITNET, Mailnet, CCNET, CSNET, MFENet, and ARPANET provide some of the elements of the required network service. None of the existing networks, however, can provide the full range of service needed by the United States higher education community. Most do not have adequate capacity and many are open only to members of an individual discipline or sub-discipline. These network initiatives have nevertheless provided a sound base of experience in the planning, use, and operation of multi-university networks.

The National Science Foundation, through the Office of Advanced Scientific Computing, has launched a networking effort to interconnect the supercomputing facilities it has established and is supporting. Each of the national supercomputing centers established by the NSF is also in the process of installing network connections to the major universities forming its user consortium. As a result, many of the nation's major research universities will soon be physically connected to support supercomputer access.

The telecommunications industry has recently been deregulated with a resulting surge in investment, technological development, and competitive pricing. There is excess capacity in segments of the satellite and terrestrial communications infrastructure. Suitably organized, higher education could use some of this capacity to substantially capitalize the physical communication facilities required for a comprehensive higher education network.

Technological Factors

Recent developments in satellite and fiber optic transmission technology, local-area networking, and protocol standardization have combined to create the technical preconditions for a major advance in inter-institutional networks.

Ku-band satellite technology has substantially reduced the cost of the earth stations required for high speed communications, and those earth stations can be installed in congested areas without interfering with other forms of communication. The continuing proliferation of fiber-optic transmission facilities in major metropolitan corridors has also provided an increasingly cost-effective path for high speed communications within those corridors. As a result, most of the nation's universities and colleges can be connected at relatively low cost to a link in a high-performance network.

The Defense Advanced Research Projects Agency (DARPA) and International Standards Organization (ISO) standards for data transmission are being widely adopted by manufacturers of computing equipment and by universities establishing networks on their respective campuses. As a result it is rapidly becoming possible for computers ranging in size from supercomputers to personal computers and in brand from IBM to Apple to communicate one with another.

BENEFITS FROM A HIGHER EDUCATION NETWORK

The benefits of a comprehensive national higher education computing network would redound to improved research, higher quality education, and more uniform access to facilities and information.

Experience with timesharing and network access in higher education has provided a foundation for widespread use of the computing facilities for communication between and among persons and groups. Electronic mail and conferencing play an integral role at many universities, and are widely used to communicate not only within a university but also with the outside world.

Beyond the obvious but important use of inter-university networking to support communication and collaboration among scholars through electronic mail and conferencing, a national higher education network would support several other important modes of scholarship.

Research

First, the national network would enhance access to the unique large-scale and special-purpose computing facilities rapidly becoming available at universities across the nation. These facilities extend well beyond super-computers, and are likely to include special-purpose software and hardware. Researchers would not be limited to the facilities of their local campus, but would be able to take advantage of the enormous diversity of higher education computing facilities nationwide.

Second, the national network would provide the potential of providing workstation-based collaboration among scholars across the nation. A scholar working at a personal computer at one college could utilize a national supercomputing facility across the country or collaborate with a colleague using a personal computer a few hundred miles away.

Third, a national higher education network also could provide access to the collected library resources of the nation's major research libraries through implementation of the Linked System Protocols now being developed by the Library of Congress and the Research Libraries Group.

Fourth, experiments in electronic publication of scholarly information and proposal submission are beginning to executed at several universities. These experiments could lead to greatly reduced cost, improved comprehensiveness, and more timely access to scholarship throughout the higher education community. All of these benefits will only be possible if a national network is available to provide broad access to these experiments.

Education

Perhaps because so much of the impetus for inter-university networking has come from research support agencies such as DARPA and NSF, most of the benefits that have been realized to date have redounded to research. A national higher education network could also support student use: While we have little experience with direct student access to inter-university networks, several benefits are likely.

First, educational software could be broadly shared. This would not only increase the diversity and richness of the educational opportunity, but would also provide a much broader potential user community for faculty creating software for teaching a somewhat specialized sub-discipline. The result might not only be a better educational experience for the student but also more faculty investment in high-quality courseware development.

Second, the national network would provide student access to specialized and large-scale resources. There has been a good deal of hand-wringing concerning the poor preparation that our students have in the use of large scale computers. The same argument can be made regarding experience with a broad array of information technology facilities such as automated manufacturing facilities, specialized input and output facilities, and experimental computing architectures.

Third, inter-student communication across universities has the potential to return benefits similar to that now obtained through faculty communication. Our preliminary experience with BITNET indicates that students are anxious to establish ties to their peers on other campuses. While it is too early to estimate the potential of such communication, it could well be the most significant educational benefit of a national higher education network in much the same way that inter-university communication among research colleagues turned out to be one of the most significant benefits of the ARPANET.

Uniform Access

Even assuming all of these benefits plus others as yet unanticipated do indeed result from high quality inter-university digital networking, might they not be achieved without a national higher education network?

Through a combination of existing networks, many colleges and universities already have access to some of the capabilities outlined above. Why add a network dedicated to higher education?

Most of the benefits outlined above and others not yet imagined will be available to the major research universities over the coming years as a result of networking activities already in operation or planned for the immediate future. Without a national higher education network, however, faculty and students at many smaller and less research-oriented institutions will be left out. Only a clear national effort with appropriate provisions for broad access will make it feasible for these institutions to participate.

Furthermore, if researchers and students are to reap the benefits of a network, that network must be easy to use and have a consistent architecture from one campus to another. Connectivity built on the patchwork of networks now in place will not provide that consistent interface. As a result, even rudimentary services like electronic mail will continue to be unreliable and difficult to use. More advanced capabilities such as communication between workstations will remain in the distant future.

POLICY RECOMMENDATIONS

Fortunately, achieving the reality of a comprehensive national higher education network does not require the establishment of a new organization or the expenditure of large sums of federal funds. The confluences highlighted above mean that the policy needed is primarily one which supports facilitating and modestly expanding activities already underway at the National Science Foundation and in the higher education community.

First, as a result of extensive existing experience, the higher education community can itself manage and govern the proposed network. National policy which supports this governance and the provision of modest funding to assist with the day-to-day management and coordination tasks will be all that are required.

Second, the ongoing program in the National Science Foundation Office of Advanced Scientific Computing is already serving as a stimulus to the creation of many of the elements required for the establishment of a national higher education network. The NSF needs only to broaden the charge of that program beyond the constraints of researcher access to supercomputers to full faculty and student access in support of broader range of network services outlined above. While such a augmented charge will add modestly to the budget for networking, the cost will be far less than the cost of a supercomputing center, and the benefits will be far more comprehensive and fundamental to higher education and research in the United States.

SUMMARY

There is some urgency associated with this initiative. The institutional and technological confluences outlined above will not remain static. If we fail to create a comprehensive national effort, regional and disciplinary initiatives will come to dominate inter-institutional networking and will not be easily displaced.

The establishment of a suitably powerful and ubiquitous national network for higher education will make the United States a leader in access to the fruits of modern information technology. If the higher education community, assisted by the National Science Foundation, is able to develop and utilize such a network, it will have laid the foundation for profound developments, not only in research activities, but also in instructional activities. The United States has the opportunity to take a major step into the future.

Mr. **Stokes**. Thank you very much, Dr. Van Houweling. We are pleased to have had your testimony this morning.

Mr. **Boland**. Let me ask a question. Is this a suggestion that was advanced to the National Science Board in the national higher education network?

Mr. **Van Houweling**. As a matter of fact, this has been discussed in the National Science Board. The issues at the National Science Board have to do with the understanding that the Office of Advanced Scientific Computing has about its mission, which is primarily directed at the supercomputing centers.

Mr. **Boland**. Of course, that has been their priority. That is an expensive operation.

Mr. **Van Houweling**. That is correct.

Mr. **Boland**. Is it private now or not?

Mr. **Van Houweling**. No, we are not. We are connected through a number of network links to the existing centers, but we do not have such a center at the present time.

Mr. **Boland**. Were you being considered for one?

Mr. **Van Houweling**. We were not at this point. We do not have a proposal in front of us. We believe the networking efforts here are the key, really, to providing broad access nationally to those facilities, but we would like to see it go beyond just access to supercomputers to provide these other benefits that could be added for a relatively small incremental cost.

Mr. **Boland**. What would be the relatively small cost?

Mr. **Van Houweling**. Relatively small, in the neighborhood of about $200 million additional a year. Not very much.

Mr. **Boland**. Not much in a $1.6 billion budget.

Mr. **Van Houweling**. No, it sure isn't.

VETERANS ADMINISTRATION

WITNESS

HON. R. LINDSAY THOMAS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. **Stokes**. Our next witness will be our colleague, Representative Lindsay Thomas.

Mr. **Thomas**. Thank you, Mr. Chairman.

My comments will be very brief. I am pleased to appear before you today requesting that the fiscal year 1987 Veterans Administration medical care appropriations be funded to the extent that it would permit the acquisition and activation of scheduled VA medical facilities. In particular, I am in strong support of funds scheduled for the lease and activation of a VA satellite out-patient clinic in Savannah, Georgia.

These monies were included in the President's initial fiscal year 1987 budget and they have been recommended by the House Veterans Affairs Committee for inclusion in the House budget. Although the Budget Committee has not yet completed action on the House version of the fiscal year 1987 budget, I have every reason to believe that this project will be incorporated.

Mr. Chairman, my district has been working on this project for the past ten years. Because of the numerous military installations in Georgia and the many advantages of living in the Savannah area, we are fortunate to have an extremely large veterans population. In Savannah alone, we have over 21,000 veterans and another 40,000 living in the surrounding counties. This is one of the largest concentrations of veterans in our state outside of Atlanta.

At the present time, if a veteran in this area needs medical services, he must drive to VA hospitals in either Dublin or Charleston—both at least a two-hour drive from Savannah and both already working at capacity level.

We were very pleased when the Veterans Administration recognized this need for medical services in Savannah and selected it as a location for a satellite out-patient clinic in their 1983 medical district initiated program planning plan. Since that time, we have been working with VA officials as they determine the space and personnel requirements of the clinic.

During this time of budget reductions, the proposed Savannah out-patient clinic was one of the very few new projects for veterans included in the President's budget. It reflects the fact that we have a top priority need for these medical services in the Savannah area.

I realize that you face great pressures to reduce spending this year, and I know that I am one of many Members of Congress urging full funding for items in the budget. That is why I want to stress the great need for this satellite clinic in light of the numerous veterans in the Savannah area and urge the Subcommittee to approve the appropriation of these activation and lease funds.

I thank you for your time and attention, and I appreciate the fine work of the Subcommittee.

Mr. STOKES. Thank you, Mr. Thomas.

Mr. BOLAND. Thank you very much.

[The statement of Mr. Thomas follows:]

STATEMENT OF U.S. REP. LINDSAY THOMAS
SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
MAY 6, 1986

MR. CHAIRMAN, I AM PLEASED TO APPEAR BEFORE YOU TODAY REQUESTING THAT THE FY 1987 VETERANS ADMINISTRATION MEDICAL CARE APPROPRIATIONS BE FUNDED TO THE EXTENT THAT IT WOULD PERMIT THE ACQUISITION AND ACTIVATION OF SCHEDULED VA MEDICAL FACILITIES. IN PARTICULAR, I AM IN STRONG SUPPORT OF FUNDS SCHEDULED FOR THE LEASE AND ACTIVATION OF A VA SATELLITE OUT-PATIENT CLINIC IN SAVANNAH, GEORGIA.

THESE MONIES WERE INCLUDED IN THE PRESIDENT'S INITIAL FY 1987 BUDGET AND THEY HAVE BEEN RECOMMENDED BY THE HOUSE VETERANS AFFAIRS COMMITTEE FOR INCLUSION IN THE HOUSE BUDGET. ALTHOUGH THE BUDGET COMMITTEE HAS NOT YET COMPLETED ACTION ON THE HOUSE VERSION OF THE FY 1987 BUDGET, I HAVE EVERY REASON TO BELIEVE THAT THIS PROJECT WILL BE INCORPORATED.

MR. CHAIRMAN, MY DISTRICT HAS BEEN WORKING ON THIS PROJECT FOR THE PAST 10 YEARS. BECAUSE OF THE NUMEROUS MILITARY INSTALLATIONS IN GEORGIA AND THE MANY ADVANTAGES OF LIVING IN THE SAVANNAH AREA, WE ARE FORTUNATE TO HAVE AN EXTREMELY LARGE VETERANS POPULATION. IN SAVANNAH ALONE, WE HAVE OVER 21,000 VETERANS AND ANOTHER 40,000 LIVING IN THE SURROUNDING COUNTIES. THIS IS ONE OF THE LARGEST CONCENTRATIONS OF VETERANS IN OUR STATE OUTSIDE OF ATLANTA.

At the present time, if a veteran in this area needs medical services, he must drive to VA hospitals in either Dublin or Charleston-- both at least a two-hour drive from Savannah and both already working at capacity level.

We were very pleased when the Veterans Administration recognized this need for medical services in Savannah and selected it as a location for a satellite out-patient clinic in their 1983 Medical District Initiated Program Planning plan. Since that time, we have been working with VA officials as they determine the space and personnel requirements of the clinic.

During this time of budget reductions, the proposed Savannah out-patient clinic was one of the very few new projects for veterans included in the President's budget. It reflects the fact that we have a top priority need for these medical services in the Savannah area.

I realize that you face great pressures to reduce spending this year, and I know that I am one of many Members of Congress urging full funding for items in the budget. That is why I want to stress the great need for this satellite clinic in light of the numerous veterans in the Savannah area and urge the Subcommittee to approve the appropriation of these activation and lease funds.

I thank you for your time and attention, and I appreciate the fine work of the Subcommittee.

NATIONAL SCIENCE FOUNDATION AND FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

HON. SHERWOOD BOEHLERT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. BOLAND. Our next witness, Mr. Sherwood Boehlert, also a Member of Congress.

One nice thing about Sherwood, he is not requesting additional funds.

Mr. BOEHLERT. I thank you, Mr. Chairman.

I appear here today to urge you to provide adequate funding for the National Science Foundation, the National Fire Academy, and the U.S. Fire Administration. These three agencies perform vital functions that we cannot reasonably expect the private sector, or state and local governments, to fulfill.

The NSF, for example, is responsible for enhancing the quality of university basic science and engineering research, and of science, engineering and math education at all levels of schooling. NSF, therefore, is the key to solving some of our most critical problems—including the shortage of manpower in technical and scientific disciplines, weakness in our ability to compete in the international marketplace, and the declining quality of our schools and students. In short, NSF is a guarantor of America's future capabilities.

We talk about the future a lot when we discuss budgets these days. We point out, correctly, that the burgeoning national debt endangers our children by "mortgaging their future." But don't we endanger our children just as much when we neglect to invest in the future? The answer is obviously yes, and I think funding NSF—a small, efficient agency—is about as wise an investment as we could make.

With that in mind, our Subcommittee unanimously approved the 8.4 percent increase in NSF funding that the President requested. We did shift some money in the proposed budget to reflect our Subcommittee's priorities, which I believe this panel shares. Specifically, we redirected $7 million from the Antarctica program—keeping its current funding level—and put $3 million into social science research and $4 million into the College Science Instrumentation Program.

As you know, much of the NSF increase will be going to programs geared to improving our economic competitiveness, such as the engineering research centers and the biotechnology centers. Increases will also be used to conduct global geoscience research that will vastly improve our ability to make environmental policy and to bolster research fields in which the National Academy of Sciences has found the U.S. to be lagging, such as mathematics.

The Foundation actually could easily absorb a much greater increase. The Packard-Bromley report on the health of universities has called for significant increases in research and education funding, and the National Science Board has urged that spending for undergraduate colleges be increased by more than 500 percent. Their claims have merit, but may have to await a more amenable budget climate. We do view the $1.68 billion, which I believe is less than the revenue derived from the excise tax, we do view this $1.68 billion for NSF requested by the President as the bare minimum needed to enable the agency to continue making a substantial contribution to American society. And a budget of that size is well within the limits set by the bipartisan Senate-passed budget resolution.

The case for the two Federal Emergency Management Agency (FEMA) fire programs is, in a sense, even easier to make. The benefits of these programs are more immediate, and they are simple to describe: they save lives.

How many lives? Fire deaths have fallen from about 9,000 per year in 1973 to about 5,200 in 1983, and the trend is continuing. Similarly, property damage has dropped from about $11 billion per year to $6.7 billion in the same period. Over the last four years, the Federal government would have lost at least $500 million in taxes if fire losses had remained at the 1973 level.

Much of this decline is a tribute to the fine training given our full-time and volunteer firefighters by the National Fire Academy and the prevention, residential sprinkler, arson, and other programs of the U.S. Fire Administration.

Testimony before our Subcommittee has shown year after year, states and localities have neither the money nor the expertise to duplicate these services. When the Fire Academy's stipend program was temporarily shut down last year, for example, the cancellation rate for classes was close to 30 percent.

The fire programs also have bipartisan support on our Subcommittee. We voted unanimously to fund fire programs at their current levels, with the exception of NETC-West, which we did not authorize. Given fiscal constraints, this seems to be the wrong time to try to open a new training center.

Our Subcommittees have worked together in the past to preserve these two small programs that do so much to protect the safety of all Americans. I hope we can repeat that pattern for fiscal year 1987.

I want to thank you for the opportunity to appear today. Working together, I believe we can come up with a budget that does not undercut future generations while claiming to help them.

[The statement of Sherwood Boehlert follows:]

TESTIMONY
HON. SHERWOOD BOEHLERT (R-NY)
HEARING BEFORE THE SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS

MAY 6, 1986

MR. CHAIRMAN:

I APPEAR BEFORE YOU TODAY AS THE RANKING REPUBLICAN ON THE SCIENCE, RESEARCH AND TECHNOLOGY SUBCOMMITTEE (SRT) OF THE SCIENCE AND TECHNOLOGY COMMITTEE TO URGE YOU TO PROVIDE ADEQUATE FUNDING FOR THE NATIONAL SCIENCE FOUNDATION (NSF), THE NATIONAL FIRE ACADEMY (NFA), AND THE U.S. FIRE ADMINISTRATION (USFA).

THESE THREE AGENCIES PERFORM VITAL FUNCTIONS THAT WE CANNOT REASONABLY EXPECT THE PRIVATE SECTOR, OR STATE AND LOCAL GOVERNMENTS, TO FULFILL.

THE NSF, FOR EXAMPLE, IS RESPONSIBLE FOR ENHANCING THE QUALITY OF UNIVERSITY BASIC SCIENCE AND ENGINEERING RESEARCH, AND OF SCIENCE, ENGINEERING AND MATH EDUCATION AT ALL LEVELS OF SCHOOLING. NSF, THEREFORE, IS THE KEY TO SOLVING SOME OF OUR MOST CRITICAL PROBLEMS -- INCLUDING THE SHORTAGE OF MANPOWER IN TECHNICAL AND SCIENTIFIC DISCIPLINES, WEAKNESS IN OUR ABILITY TO COMPETE IN THE INTERNATIONAL MARKET PLACE, AND THE DECLINING QUALITY OF OUR SCHOOLS AND STUDENTS. IN SHORT, NSF IS A GUARANTOR OF AMERICA'S FUTURE CAPABILITIES.

WE TALK ABOUT THE FUTURE A LOT WHEN WE DISCUSS BUDGETS THESE

DAYS. WE POINT OUT, CORRECTLY, THAT THE BURGEONING NATIONAL DEBT ENDANGERS OUR CHILDREN BY "MORTGAGING THEIR FUTURE." BUT DON'T WE ENDANGER OUR CHILDREN JUST AS MUCH WHEN WE NEGLECT TO INVEST IN THE FUTURE? THE ANSWER IS OBVIOUSLY YES, AND I THINK FUNDING NSF -- A SMALL, EFFICIENT AGENCY -- IS ABOUT AS WISE AN INVESTMENT AS WE COULD MAKE.

WITH THAT IN MIND, OUR SUBCOMMITTEE UNANIMOUSLY APPROVED THE 8.4 PERCENT INCREASE IN NSF FUNDING THAT THE PRESIDENT REQUESTED. WE DID SHIFT SOME MONEY IN THE PROPOSED BUDGET TO REFLECT OUR SUBCOMMITTEE'S PRIORITIES, WHICH I BELIEVE THIS PANEL SHARES. SPECIFICALLY, WE REDIRECTED $7 MILLION FROM THE ANTARCTICA PROGRAM -- KEEPING ITS CURRENT FUNDING LEVEL -- AND PUT $3 MILLION INTO SOCIAL SCIENCE RESEARCH AND $4 MILLION INTO THE COLLEGE SCIENCE INSTRUMENTATION PROGRAM.

AS YOU KNOW, MUCH OF THE NSF INCREASE WILL BE GOING TO PROGRAMS GEARED TO IMPROVING OUR ECONOMIC COMPETITIVENESS, SUCH AS THE ENGINEERING RESEARCH CENTERS AND THE BIOTECHNOLOGY CENTERS. INCREASES WILL ALSO BE USED TO CONDUCT GLOBAL GEOSCIENCE RESEARCH THAT WILL VASTLY IMPROVE OUR ABILITY TO MAKE ENVIRONMENTAL POLICY AND TO BOLSTER RESEARCH FIELDS IN WHICH THE NATIONAL ACADEMY OF SCIENCES HAS FOUND THE U.S. TO BE LAGGING, SUCH AS MATHEMATICS.

THE FOUNDATION ACTUALLY COULD EASILY ABSORB A MUCH GREATER INCREASE. THE PACKARD-BROMLEY REPORT ON THE HEALTH OF

UNIVERSITIES HAS CALLED FOR SIGNIFICANT INCREASES IN RESEARCH AND EDUCATION FUNDING, AND THE NATIONAL SCIENCE BOARD HAS URGED THAT SPENDING FOR UNDERGRADUATE COLLEGES BE INCREASED BY MORE THAN 500 PERCENT. THEIR CLAIMS HAVE MERIT, BUT MAY HAVE TO AWAIT A MORE AMENABLE BUDGET CLIMATE. WE DO VIEW THE $1.68 BILLION FOR NSF REQUESTED BY THE PRESIDENT AS THE BARE MINIMUM NEEDED TO ENABLE THE AGENCY TO CONTINUE MAKING A SUBSTANTIAL CONTRIBUTION TO AMERICAN SOCIETY. AND A BUDGET OF THAT SIZE IS WELL WITHIN THE LIMITS SET BY THE BIPARTISAN SENATE-PASSED BUDGET RESOLUTION.

THE CASE FOR THE TWO FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FIRE PROGRAMS IS, IN A SENSE, EVEN EASIER TO MAKE. THE BENEFITS OF THESE PROGRAMS ARE MORE IMMEDIATE AND THEY ARE SIMPLE TO DESCRIBE: THEY SAVE LIVES.

HOW MANY LIVES? FIRE DEATHS HAVE FALLEN FROM ABOUT 9,000 PER YEAR IN 1973 TO ABOUT 5,200 IN 1983, AND THE TREND IS CONTINUING. SIMILARLY, PROPERTY DAMAGE HAS DROPPED FROM ABOUT $11 BILLION PER YEAR TO $6.7 BILLION IN THE SAME PERIOD. OVER THE LAST FOUR YEARS, THE FEDERAL GOVERNMENT WOULD HAVE LOST AT LEAST $500 MILLION IN TAXES IF FIRE LOSSES HAD REMAINED AT THE 1973 LEVEL.

MUCH OF THIS DECLINE IS A TRIBUTE TO THE FINE TRAINING GIVEN OUR FULL-TIME AND VOLUNTEER FIREFIGHTERS BY THE NATIONAL FIRE ACADEMY AND TO THE PREVENTION, RESIDENTIAL SPRINKLER, ARSON, AND OTHER PROGRAMS OF THE U.S. FIRE ADMINISTRATION.

Testimony before our Subcommittee has shown year after year, states and localities have neither the money nor the expertise to duplicate these services. When the Fire Academy's stipend program was temporarily shut down last year, for example, the cancellation rate for classes was close to 30 percent.

The fire programs also have bipartisan support on our Subcommittee. We voted unanimously to fund fire programs at their current levels, with the exception of NETC-West, which we did not authorize. Given fiscal constraints, this seems to be the wrong time to try to open a new training center.

Our subcommittees have worked together in the past to preserve these two small programs that do so much to protect the safety of all Americans. I hope we can repeat that pattern for FY 87.

I thank you for this opportunity to speak before the Subcommittee. Working together, I believe we can come up with a budget that does not undercut future generations while claiming to help them.

Mr. **Stokes**. Thank you for your presentation here this morning. Mr. Boland.

Mr. **Boland**. You didn't have much of a problem with NSF, did you?

Mr. **Boehlert**. Not at all. Not given the current climate.

Mr. **Boland**. That was a bit of a problem, as you probably know, last year. You are satisfied, I take it, with the Administration's request in NSF of about $1.6 billion.

Mr. **Boehlert**. I am. I would like more.

Mr. **Boland**. Recognizing the fact it is $200 million over what it was last year, when you take into consideration the Gramm-Rudman sequestration of 4.3 percent.

Mr. **Boehlert**. This is the wisest investment we can make in the United States of America. I noticed in questioning my colleague who preceded me, you talked about the supercomputer centers. We have five of them now underway in America. Just let me tell you, I came down here as a freshman and sat on that Committee; the first month I was there I listened to Ken Wilson, who is a Nobel Laureate, a national asset, young guy, my age, a kid, tell us in our Subcommittee that as a Nobel Laureate, he did not have access to the latest supercomputer technology whereas graduate students in our competitive nations, such as Japan, West Germany, the United Kingdom, did.

I am particularly proud to sit on that Committee. We don't respond as Democrats or Republicans. We are good solid Americans, just like you are, on this Committee.

Mr. **Boland**. You will get what you want.

Mr. **Stokes**. Before you leave, the Chair would like to recognize Mr. Mollohan, who is a new Member of this Subcommittee and a very distinguished Member of Congress. We are pleased to welcome you to the Subcommittee. Feel free to jump in on any questions you have of any witnesses.

Mr. **Boland**. I want to join with Chairman Stokes' recognition of Mr. Mollohan. His father served with great distinction in this Body and also in the State of West Virginia. We are glad to have you here. It is a busy Committee, though. I am glad to see you at the end of the table. That is where I sat when I first came here 32 years ago.

Mr. **Mollohan**. Thank you, Mr. Chairman. I have something to look forward to.

Mr. **Green**. May I join you in welcoming our new Member of the Subcommittee?

Mr. **Coughlin**. As I do, too.

Mr. **Mollohan**. Thank you.

Mr. **Stokes**. Thank you very much, Mr. Boehlert.

NATIONAL SCIENCE FOUNDATION

WITNESS

JUDSON M. HARPER, VICE PRESIDENT FOR RESEARCH, COLORADO STATE UNIVERSITY

Mr. **Stokes**. Our next witness is Dr. Judson Harper. Mr. Harper, you may proceed as you desire.

Mr. **Harper**. Thank you very much.

My name is Judson Harper. I am Vice President for Research at Colorado State University. I am here today to emphasize the important role that the supercomputing program within NSF plays, related to advances in science and engineering in our country.

By definition, supercomputers are the largest and fastest computers that exist at any one time. Supercomputing is one area where the United States is an absolute leader, and it is critical for our economic and strategic well-being that our country remain so.

In 1984, the National Science Foundation initiated a program to enhance supercomputing at our nation's universities. To quickly initiate that program, they relied on a handful of universities and industry supercomputers to immediately supply supercomputing resources to our nation's academic communities. Colorado State University was the first United States University to install and operate a supercomputer, and we were pleased to participate, and have been pleased to participate, in that program. Since that time, we have supplied supercomputing resources to approximately 150 faculty on 40 university campuses across our nation.

Now, in parallel with this so-called phase 1 activity, the NSF has developed five phase 2 supercomputing centers of excellence. These are centers of excellence; they are growing from the ground up, so to speak, and they are charged with the responsibility of providing state of the art supercomputing hardware, trained graduate education and research to our nation's universities. Because many of these centers did not have existing supercomputing hardware and operating experience, there has been a delay in getting them operational, and each center has required on the order of $10 million a year in order to remain operational.

Next year's NSF budget calls for an increase in the supercomputing area to a number substantially less than the $100 million envisioned by Congress initially to develop eight to ten supercomputing centers. That budget request is of the order of $55 million next year.

As part of this budget request, there is an implied, or there is a budget indication, that there will be a continued reduction in the funds that are going to the phase 1 resource centers, those centers that were initially started to provide supercomputing, or provide supercomputing resources, to our nation, from an initial amount of about $10 million to this year's proposed amount of $2.3 million. This drastic reduction will greatly curtail the programs at these resource centers, which I must point out have provided most of the computing resources justification and documented output of this important National Science Foundation activity.

I am here today to request that, in the best interest of our country, the budget of the phase 2 resource centers in the NSF 1987 request be increased from $2.3 million to approximately $9 million. This will move, will strengthen the research and scientific advancement, graduate programs, diversity of supercomputing activities and be a very cost effective approach.

I might also add, with the situation being that our nation is not currently adequately networked between various supercomputing centers, that this approach will provide better access from our academic community to supercomputing resources. I believe this kind of increase will build on the investment and activities that have already existed at a number of supercomputing centers, such as Colorado State University, where we have a combination of industrial, state and Federal support.

Thank you very much for your interest in this subject. I will be pleased to answer any questions that you might have.

[The statement of Judson M. Harper follows:]

TESTIMONY OF

Dr. Judson M. Harper
Vice President for Research
Colorado State University
Fort Collins, CO 80523

TO THE

House Appropriations Subcommittee for
HUD-Independent Agencies

Regarding NSF Budget

May 6, 1986

My name is Dr. Judson M. Harper and I am Vice President for Research at Colorado State University.

I am pleased to address the House Appropriations Subcommittee on the subject of the support for supercomputing in the NSF FY 87 budget. As background to this testimony, it should be known that Colorado State University (CSU) was this country's first university to order and install a supercomputer. Since 1981, CSU has operated a supercomputing center for its own sophisticated research needs and for the benefit of a wide variety of remote users. In 1985, CSU became a NSF Phase I Resource Center which has provided supercomputing resources to a large array of academic researchers.

CSU has been committed to expanding the availability and use of advanced computation in the nation's research and development efforts. We believe computationally-based research stands alongside theoretical and experimental approaches as a third technique to advance our nation's scientific and engineering prowess. And, as you know, scientific advancement spurs our nation's economic development. To support these efforts, University representatives informed Congress of the need for special initiatives which would utilize the academic community to develop and enhance advanced scientific and engineering computation. It is from this perspective of demonstrated commitment, action and experience that I wish to address several points about the budget level, direction and priorities NSF's Advanced Scientific Computing efforts.

NSF has had an Advanced Scientific Computing initiative since 1984 and taken several approaches to fill these needs with academic institutions. To satisfy the immediate requirement for supercomputer access, NSF bought time on existing supercomputers to allow researchers to conduct advanced research work. These Phase I Center awards were made to Purdue University, the University of Minnesota, Colorado State University, and three commercial firms. Each of the universities had taken a bold and somewhat risky leadership step by investing significantly from their own financial and intellectual resources to be the first to establish supercomputing facilities. In addition to installing the hardware, each institution developed telecommunications, training and other support services necessary to make such facilities available to on- and off-campus users. To date, nearly all the concrete examples of how the supercomputer can beneficially impact academic scientific and engineering research have come from researchers using the Phase I Supercomputing Resource Centers.

In addition to providing supercomputing resources, NSF has recognized the need to support supercomputer centers of excellence which will maintain state-of-the-art computing hardware, focus on research related to supercomputing, and provide training and education on advanced computational methods. This need is currently being addressed through the awarding of Phase II Centers to the Princeton Consortium, Cornell University, the University of Illinois, and the San Diego Consortium. This original group has been expanded to include the Pittsburgh Consortium, to which NSF gave a Cray I computer to initiate Center activities. NSF's selections represent an impressive potential array of talent and capability. However, none of them had an operating supercomputer or supercomputing experience at the time of the award. In the absence of existing hardware and capability at these Phase II Centers, NSF is providing funding averaging approximately $10 million per year at each of these Centers, with commitments at this level for the next five years. In the long-term, NSF plans for the Phase II Centers to be permanent and the principal source of academic advanced scientific computing research effort for the nation. Researchers located at other campuses remote to these locations will have to communicate with these Centers through high speed data communication systems which have only been rudimentarily defined, and are expected to be available within a three year time frame. Further, researchers at remote locations will have difficulty in sharing in the scientific climate at these Centers without traveling to them.

In 1984, the original congressionally approved plan for supercomputing called for the development of between 8-10 supercomputing centers of excellence requiring an annual budget expenditure amounting to $100 million. The current five supercomputer centers of excellence, budgeted at about $51 million for FY 87, falls far short of the original objective. Moreover, it has taken the Phase II Centers more time than expected to become fully operational which has had a delaying effect on the availability of supercomputing resources to the U.S. academic research community.

Based on the above, NSF has recognized the need to provide more supercomputing resources by extending the Phase I Center funding in FY 87 at the level of only $2.3 million. This will reduce the NSF expenditures for Phase I Centers from $10.2 million in FY 85 to one-fourth that amount in FY 87.

The limited FY 87 NSF budget for Phase I Centers will restrict NSF from accessing proven supercomputing resources and capability. We at Colorado State University feel the proposed approach limits NSF's ability to satisfy researcher's rapidly expanding needs for supercomputing, which in turn bolsters our nation's economic and strategic capabilities. In a time of budget restrictions, continuing support of the cost effective Phase I Centers appears to be a prudent course of action. Focusing limited funds on a few Phase II Centers concentrates advanced scientific and engineering computational research at relatively few sites which limits the nation's rate of expansion of a trained pool of manpower, discovery and application. Further, the proposed plan does not address the issues of access, regional distribution, and broadened areas of scientific and engineering focus through funding of a greater diversity of Centers.

We would strongly support NSF's budget for Phase I Centers be maintained at FY 86 levels to sustain this important segment of NSF's advanced computational initiatives. Such a move would recognize that the current academic Phase I Centers provide a principal source of training, graduate education, advanced computational research, telecommunications, etc., which are essential to achieving the NSF objectives. Maintaining the funding level for the current academic Phase I Centers for the purchase of supercomputing cycles and to support training, graduate education and research will sustain faculty interest, provide a greater pool of manpower, broaden areas of computationally-based research and application, encourage greater industrial interest, expand state investment and matching, assist with equipment upgrades to maintain state-of-the-art computational hardware, provide more geographic diversity of supercomputing activity and increase exposure and usage of a variety of American-built supercomputing hardware. The cost/benefit ratio for this continued Phase I approach would be significant because of the extensive experience in operating and utilizing advanced computing hardware that exists in universities which have supercomputers.

Let me use CSU as an example of how a modest amount of Phase I funding has benefited the NSF program in advanced scientific computing and been leveraged to create a substantial impact well beyond the direct impact of the NSF funding.

1) The State of Colorado has expended funds to network its research universities and provide access to the supercomputer at Colorado State University with 56 kB lines. This network will be upgraded to T1 speed in 1987 through an expanded State of Colorado investment and assistance from Mountain Bell and US West.

2) The Colorado legislature is considering authorization of $2.0 million annually to underwrite its share of supercomputing costs on an ongoing basis. The use of these funds for matching extends the benefits of Colorado's supercomputing program to all participants.

3) Colorado is serving as a catalyst to draw together regional universities to establish a networking system to increase access to supercomputing resources.

4) Industry is seeking supercomputing training for its employees and supercomputing access for the purpose of enhancing their research and development programs. Industrial buyins for these users are expected to exceed $1 million with the Colorado network in place.

5) CSU has provided supercomputing resources to 106 NSF-funded researchers from 39 university locations. Additionally, 65 CSU researchers, who do not have NSF awards, are involved in supercomputing applications on the CSU CYBER 205. These researchers are doing significant research in the areas of fluid mechanics, chemistry, image processing, atmospheric science, engineering, artificial intelligence, applied mathematics and modern biology.

6) Special training programs have been developed for the CYBER 205 supercomputer at CSU including materials and workshops. Through these programs 90 persons have been trained and six workshops have been held.

7) An extensive graduate education program in supercomputing applications has been developed on the CSU campus which involves 12 graduate courses and 240 graduate students. NASA has designated CSU as a graduate Center of Excellence in Large-Scale Scientific Computation.

Greater support to an expanded Phase I Centers program is necessary for the continuity of funding needed to assure equipment upgrades and commitment to the effort. Such an approach will allow the NSF initiative to build upon existing programs and demonstrated excellence in the advanced computational arena. We strongly urge the Appropriations Subcommittee to restore funding for the NSF Advanced Scientific Computing budget for FY 87 to a level of about $9.0 million.

Finally, we favor an expanded NSF budget emphasizing support in the area of advanced scientific computing in order for our nation to maintain its leadership in this vital area. This, coupled with a programmatic funding strategy which emphasizes more diversity in the centers of excellence in advanced computing, and increased and improved telecommunications, will serve our nation best at this particular time.

Mr. **Stokes**. Thank you very much, Dr. Harper. Any questions?

Mr. **Green**. Dr. Harper, we don't know, as a Subcommittee under the budget process, how much money we will ultimately have. But suppose we get placed in a bind, where our resources for this purpose are limited? Are we better off to continue with the full number of centers currently contemplated funded at a lower level, or would we be better advised under those circumstances to shrink the number, in order whatever number that shrinks to could then be fully funded?

Mr. **Harper**. I think whatever you shrink to—shrinking is required. You would want to absolutely put funds in ways where existing centers would be fully funded so they could provide the kind of state of the art equipment and services necessary for researchers to have the best available to them to do their research activities.

Mr. **Green**. Thank you, Mr. Chairman.

Mr. **Stokes**. Thank you very much, Dr. Harper.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

HON. THOMAS J. RIDGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. **Stokes**. Our next witness is another one of our colleagues, Tom Ridge, a Member of Congress. Mr. Ridge, we are pleased to have you. You may proceed any way you like.

Mr. **Ridge**. Thank you very much, Mr. Chairman, and members of the Committee.

I appreciate the opportunity to appear before you to discuss a request for funding this year, and would ask consent that the entire text of my testimony be included as part of the record so that I might summarize it in the interest of time.

Mr. **Stokes**. Without objection, the entire text will be placed in the record.

Mr. **Ridge**. I appreciate that.

If I might just give you a little background. On May 31 of last year, a series of tornados struck Northeastern Ohio and Northwestern Pennsylvania and went through that portion of Pennsylvania into New York. In Pennsylvania alone, we sustained about a quarter of a billion dollars in property damage and 65 fatalities, most of which were in my Congressional district. My staff and I since have been working closely with families, with communities, with political leaders, FEMA, the SBA and the Emergency Broadcasting System and the like, to provide a comprehensive overview and make recommendations about Federal involvement in disaster relief.

For that reason, I requested and appreciate time to discuss this year's FEMA budget with you. Historically, if I might share a few statistics with you, historically they have been authorized about $303 million, that is the average since 1974. They have expended on the average $342 million since that time, and they have asked this year, in spite of those historical circumstances, for a $100 million authorization.

We question the validity of the base line. Most of the savings that they project involve a change, a dramatic change in the cost sharing formula as it affects private assistance and public assistance, and I would prefer to focus, although I am very concerned about the level of the budget request, I would like to discuss briefly the proposed regulatory changes which would affect the cost sharing program.

Since 1974, the Governors of our 50 states have requested a national disaster declaration 570 times. Only 340 of those requests have been granted, so in the entire life of the FEMA, you can see that from the very beginning to the present date, they have only been involved under the most extreme circumstances. There is no regulatory mandate as to what the Federal, non-federal cost sharing shall be for either private assistance or public assistance. Technically it could be 100 percent Federal. Through customs and usage, it has appeared over the years to be reduced to 75 percent Federal and 25 percent non-federal, either from the state or from the local municipalities, themselves.

According to FEMA's own estimate, the new cost sharing formula which they propose, which involves two thresholds the communities must meet, a state threshold and a county threshold, none of my communities or counties that were affected in the May 31st disaster would have received any public funds from FEMA. None of the three communities—there were three national declarations in Pennsylvania in 1985—none of those families, communities, businesses, subdivisions would have received any public assistance at all under FEMA's proposed regulations.

Pennsylvania is by no means the only state which would be affected. Kentucky reports that under the proposed formula, although it has received Federal public assistance under the Disaster Relief Act, if the proposed formula had been in existence since 1974, they would have received absolutely nothing. Wisconsin reports that they would have to meet a threshold of 4.5 million uninsured property damage before they would receive any assistance. FEMA, Region 5, which includes Illinois, Indiana, Ohio, Michigan and Wisconsin, they report that the new formula would have reduced recent disaster declarations by 73 percent.

Mr. Chairman, as you are well aware, Massachusetts sustained a considerable amount of damage during Hurricane Gloria last year, damage which has required Federal participation between $22 and $24 million, according to state officials. If the proposed rules had been in effect, using Hamden County as an example, in order to secure any assistance, the state would first have to sustain at least $6 million in uninsured public property damage followed by at least another $1 million for the county to be even considered for public or individual assistance through FEMA.

It would just seem to me the $1 million deductible for uninsured losses in a county of approximately 450,000 people, combined with a minimum eligibility threshold of $6 million statewide, is quite a premium to pay in the event of a disaster inasmuch as both the Governors and FEMA have judiciously applied the existing criteria before they ever get involved. Sixty-one out of the last 111 disasters would not have fallen under the new threshold.

I would share with my colleagues that we have discussed this situation and the proposed rulemaking. It is a 42-page rule, rather ingenious. It has created fiscal management which they claim they gave them to reduce their involvement. Frankly, make a major philosophical shift, as well as a fiscal shift of the burden to state and local governments.

The National Emergency Management Association, comprised of all the state management people, are opposed to it, the Governors Council is opposed to it. National Rural Electric is opposed to it. We have asked the Investigations and Oversight Committee of Public Works, as well as the Water Resources Subcommittee of Public Works, to conduct a complete hearing on FEMA, itself, as well as these proposed rules.

So I would leave you with two thoughts and two requests: one, that a realistic budget be approved in light of historical data which you have accumulated since 1974 which shows the $100 million request is clearly not consistent with the history of the agency, although I understand you reserve the right to keep it low and make supplemental appropriations.

Secondly, and as importantly, if not more importantly, we would certainly request, if you agreed that you shared the same concerns, some specific language prohibiting FEMA from implementing these rules or any drastic change in the cost sharing proposal until the appropriate Congressional committees have an opportunity to assess its consequences and the impact on the individual and the private assistance programs as to shifting the cost burdens to states and local elements.

[The statement of Thomas J. Ridge follows:]

TESTIMONY OF CONGRESSMAN TOM RIDGE

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE SUBCOMMITTEE
ON HUD-INDEPENDENT AGENCIES

MAY 6, 1986

Dear Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to address the Federal Emergency Management Agency's (FEMA) request for funding pursuant to the Agency's responsibilities as outlined in the Disaster Relief Act of 1974 (PL 93-288). Our deliberations with respect to federal disaster assistance during this session of Congress may well be the most crucial since the enactment of the Disaster Relief Act. In my opinion, this year is a turning point. I support the choice of adequate funding for disaster programs. The alternative is to allow FEMA to act independently and to ignore congressional intent. FEMA's aim is to eliminate the vast majority of assistance available to local communities, non-profits, and state governments while acting to reduce significantly the level of funding for individuals.

Knowing that this subcommittee will pay careful attention to FEMA's funding request and proposed reductions in services, I will focus on the following two issues:

First, given the historic demand which has been placed on the disaster fund since 1974, FEMA's request for $100 million in FY 87, the same request which was made in 1974, is clearly out of line with even the most conservative estimate of next year's disaster needs.

Second, as justification for an $89.5 million reduction in the FY 87 budget, FEMA has outlined a proposal to this committee which would require the agency to eliminate the majority of disaster assistance intended for local communities, states, and other non-profit agencies. The agency plans to accomplish this task with rules formally proposed on April 18, 1986, as published in the Federal Register.

In addition, FEMA officials offer this committee a $7.5 million cost reduction based on new cost-sharing initiatives for individual disaster assistance. This claim presumes that FEMA-sponsored legislation will be successful this year in amending the Disaster Relief Act. In my judgment, FEMA's unprecendented effort to withdraw support from disaster-torn communities and individuals cannot be rationalized, justified or legitimized with deficit reduction explanations. It is my hope that these efforts will be given serious and critical scrutiny by our colleagues on the Public Works Committee. It is my intention to oppose FEMA's proposed changes in the cost-sharing formula. I will be presenting to the Congress amendments which will, if adopted, effectively establish specific guidelines for cost-sharing.

FEMA BUDGET REQUEST

Since 1974, appropriations for the disaster fund have averaged $303 million with actual obligations averaging $342 million. Appropriations for the fund reached $1 billion in 1980, and we are currently obligated for $663 million for 1985, a year in which 27 disasters were declared. Historically, when American citizens are in need of assistance due to unforeseen natural disasters or emergencies, Congress has been ready and willing to respond. We have been equally as compassionate with our friends in the international community as is evidenced by our recent offers of support to the Soviet Union and by the nearly half a billion dollars which Congress approved last year for disaster relief efforts in Columbia, Ethiopia and Mexico.

American's expect Congress to act in a timely and effective manner to aid disaster victims and to help rebuild severely damaged or destroyed communities. When disaster strikes at home, as it did three times in Pennsylvania last year, members of Congress expect the same service from FEMA. A budget of $100 million will not and cannot do the job. The predictable and unwarranted use by FEMA of timely and sufficient supplemental appropriation in lieu of responsible program funding does not reflect prudent or responsible planning on the part of the agency.

FEMA'S PROPOSED SAVINGS

My belief that FEMA's budget request is inadequate and inappropriate stems not only from history, but also from a review of the $89.5 million in proposed savings they assert can be realized by changes within the public and individual assistance programs. I share the concerns of the nation's state and local emergency management professionals who will advise this subcommittee of their opposition to the elimination of the stipend program for training at the Emergency Management Institute at Emmittsburg and the proposed 27% increase in national flood insurance premiums. A $2.3 million in administrative savings as compared to $89.5 million in direct program support demonstrates that FEMA is looking primarily outside the agency for program savings rather than making difficult administrative decisions within the agency to realize savings.

As I stated earlier, FEMA has proposed rules which would drastically reduce the amount of disaster assistance available to communities and non-profit agencies. The most radical departure from the intent of public law, which shifts much of the remaining burden of disaster relief to the affected communities and states, is seen in their arbitrary formula to determine "State Public Assistance Capability Indicators."

Mr. Chairman, I would suggest to you that this formula has little if anything to do with determining what federal support may be needed by state and local governments. Rather, it is designed only to do one thing, to reduce FEMA's budget by $89.5 million in order to satisfy OMB's marching orders.

To illustrate this point, I refer to the tornado disaster of May 31st, 1985, in which seven tornadoes devastated major portions of my district, leaving 65 people dead and causing an estimated $250 million in total damage throughout Pennsylvania. The federal share of public assistance to date, using a 75 federal/25 state-local match, has been $4.7 million. I can assure the members of this subcommittee that these funds were desperately needed although they have by no means made the affected communities whole again. If FEMA's proposed rules had been in effect, we would have received zero dollars. Unfortunately, Pennsylvania communities were declared a national disaster area three times in 1985. Federal public assistance totaling $11 million in support of community rehabilitation was provided. Had the new rules been in effect, Pennsylvania would have received zero dollars for all disasters combined. In fact, even if all three disasters had occurred simultaneously, we would have been totally ineligible for any federal public assistance.

Pennsylvania is by no means the only state which would be affected. FEMA's rules would themselves be a national disaster. Kentucky reports that it never would have received federal public assistance since the enactment of the Disaster Relief Act. Wisconsin reports that they would have to sustain a bare minimum of $4.4 million in uninsured damage to public facilities to even be considered for federal participation and that two of their last three disasters would have been ineligible. They also report that in FEMA Region V, Illinois, Indiana, Ohio, Michigan and Wisconsin, the new formula would have reduced recent disaster declarations by 73%.

Mr. Chairman, as you are well aware, Massachusetts sustained a considerable amount of damages during Hurricane Gloria last year, damage which has required federal participation between $22-24 million according to state officials. If the proposed rules had been in effect, using Hampden County as an example, in order to secure any assistance, the state would have first had to sustain at least $6 million in uninsured public property damages followed by at least another $1 million in Hampden County for the county to even be considered eligible for assistance. A $1 million deductible for uninsured public losses in a county of approximately 450,000 people combined with a minimum eligibility threshold of $6 million statewide, appears to be quite a premium to pay in the event of a disaster.

Nationally, 61 of the last 111 disasters would have been labeled "smaller" disasters by FEMA and would have been ruled ineligible for any public assistance. Mr. Chairman, to those of us who have been with the families who have lost loved ones and witnessed millions of dollars of damage to homes and communities, these small disasters are catastrophies.

I have gone into such detail with regards to public assistance because I truly believe that FEMA has gone beyond a cost-savings or perhaps, as they would call it, responsibility sharing initiative, and are attempting to work their way out of the peacetime disaster business. By regulation the agency is attempting to circumvent the good intent of the Disaster Relief Act. I have formally requested the House Public Works Committee to hold hearings to review fully FEMA's action in this regard. Their initial response has been encouraging and I am hopeful that hearings may be scheduled during this session of Congress.

However, action within the authorizing committee may not be enough given the fact that FEMA's proposed rules could be finalized by October 1, 1986. Mr. Chairman, given the significance of these proposed changes and their impact on service and funds for future victims of natural disasters, I would respectfully ask this subcommittee to include language in FEMA's appropriation bill which would properly and effectively prevent FEMA from proceeding with the proposed rules as published on April 18, 1986 (for the purposes of amending Part II, FEMA 44 CFR, Part 205), prior to a comprehensive review of those rules by the appropriate congressional committees. I am confident this committee would find considerable support for such action by emergency management professionals, state and local governments, and non-profit agencies.

Mr. Chairman, thank you for your attention to these concerns. As the subcommittee considers FEMA's budget request, I am hopeful that you will provide the agency with adequate and realistic funding and that you will consider it appropriate and necessary to halt the agency's regulatory initiatives until Congress can properly assess the serious consequences of these changes.

Mr. **Stokes**. Thank you, Mr. Ridge. Any questions?

Mr. **Boland**. You are not running in Massachusetts, are you, Tom?

Mr. **Ridge**. No, I am not, Mr. Chairman.

Mr. **Boland**. And particularly in Hamden County.

Mr. **Ridge**. No, sir, I am not.

Mr. **Boland**. I don't know whether any other Committee of the Congress has been more supportive than this Committee over the years, and one of the problems we have with disaster relief is the estimates on what the costs would be, because the costs associated with damage done as a result of hurricanes and wind storms and floods are always dramatically high. They never seem to reach that particular point that the state people estimate, asking what the damage is.

I know you indicated the damage in Massachusetts ran between—this was the estimate of the state officials—between $22 and $24 million. In the final analysis, it was not that high. That is one of the problems we have here.

Now, as you have indicated the request for 1987 is $100 million, and you feel it is about $100 million short of what it ought to be. And that $100 million will be made up by the administration because of the change in regulations and public and individual assistance, three areas in which these monies are expended.

I think we would, and your problem is that FEMA can do this by regulation rather than by changing the basic law.

Mr. **Ridge**. Right. As I understand it, Mr. Chairman, there is no prohibition on FEMA providing 100 percent of the public and private assistance and by agreement, by compromise, custom and usage, it has been about 75/25 regardless of what the final determination of the uninsured loss was and that is the request that I have.

Mr. **Boland**. Do you object to any contribution on the part of state and local people?

Mr. **Ridge**. No. I think we have talked this over with state officials throughout the country, and they have developed and reasonably anticipate if their area is declared a natural disaster, looking on the experience of the program, they anticipate somehow some way they have to come up with 25 percent of the expenditures.

But this proposal would dramatically reduce that, because it changes the nature of the disaster recommendation, itself, with the kind of threshold formula that exists, the 570 requests that have been made were automatically reduced. Under this formula, out of the last 111, 60 would have been eliminated altogether, would not have qualified. I think it is not just a cost shifting. It seems to me they are taking it down the road where one of these days they may come up and say "We want to get out of the disaster assistance business."

I still think, in my case, even though my community has a couple million dollars from public and private assistance, the major burden, 80 to 85 percent of that burden is on local communities, and I think anything more than 75/25 is pretty difficult to be absorbed.

Mr. **Boland**. Thank you.

Mr. **Coughlin**. I want to commend my colleague from Pennsylvania. I know as a result of the disasters that have occurred in his district, he has become an expert in this field. I regret it was because of this tragedy, but I really appreciate what you have done in taking the initiative in this field, and we will try to rectify the situation.

Mr. **Ridge**. I thank my colleague. Like many other of my colleagues, I was not aware of the fact I was in tornado territory. I knew what FEMA was, but I didn't know how it operated. I appreciate the opportunity to share these thoughts with you.

Mr. **Boland**. We think it is operating a little bit better now.

Mr. **Ridge**. Thank you very much.

Mr. **Stokes**. Thank you, Mr. Ridge.

NATIONAL SCIENCE FOUNDATION

WITNESS

ANDREW M. GLEASON, PROFESSOR OF MATHEMATICS AND NATURAL PHILOSOPHY, HARVARD UNIVERSITY, REPRESENTING THE JOINT POLICY BOARD FOR MATHEMATICS

Mr. **Stokes**. Our next witness will be Mr. Andrew M. Gleason. We are pleased to have you with us. Feel free to proceed as you would like.

Mr. **Gleason**. I am Hollis Professor of Mathematics and Natural Philosophy at Harvard University and a former president of the American Mathematical Society. I also helped found the Joint Policy Board for Mathematics, on behalf of which I am speaking today, which represents 31,000 professional mathematicians who work in colleges, universities, government and industrial laboratories.

The Joint Policy Board is concerned with two aspects of the National Science Foundation budget: support for research in mathematics and mathematics education. Why should you be similarly concerned? Because mathematics is the foundation discipline for virtually all of science and technology. It is safe to say every modern high tech device or process owes a fundamental debt to mathematics. Computers, CAT scans and inventory control all depend significantly on mathematics.

In pure science, the situation is the same. Mathematics is the language in which nature speaks to us. It is no accident, therefore, the two most recent winners of the Nobel Prize in chemistry are members of the American Mathematical Society. We must support research in mathematics today to provide the tools for tomorrow's vast technology and translate nature's messages to us.

A few years ago, the National Research Council convened a special committee. That was chaired by Edward David, Advisor to the President, and a majority of the members were not mathematicians. The report of that committee found Federal support for basic mathematical research had fallen seriously and support for mathematics was out of balance for support for the other sciences. To restore that balance, they recommended the Federal support for mathematics research be doubled in the next five-year period.

Since the NSF provides just over half of all Federal support for mathematics research, the responsibility for implementing the data report falls largely on the NSF. The National Science Board has endorsed this administration. A few moments ago, you heard your colleague endorse it as well. It is a pleasure to note the NSF has so far responded generally with the David report. This year the Director of the Foundation has announced that the 1986 increase in mathematics research funding will be shielded from the effects of the Gramm-Rudman-Hollings Act. We are not quite on the David committee schedule, but we are making strides and we recommend, sir, that this subcommittee continue to support mathematics research in the 1987 budget.

Let us turn now to education. Mathematics has always been regarded as an important part of education, and as we move into the high tech era, mathematics becomes even more important. Yet I hardly need remind you study after study has recently shown that our educational system has fallen behind that of many other countries. We fall in danger of not having enough mathematicians, scientists or engineers in the years to come, not even enough competent personnel to operate many of the machines we already have.

Because mathematics training starts in primary school, we must address the question at every level. A child, even a talented child whose math education fails, who is deficient in grade school, may be sufficiently behind in science and mathematics technology, is foreclosed. That is a great loss to the country when that happens.

In response to this, we have set up a new board at the National Research Council, the Mathematical Sciences Education Board. The board proposes to monitor and provide leadership and efforts to improve the mathematics education in this country. It is not surprising the board has members in mathematics education at all levels, from kindergarten through graduate school, and educational administrators. But a measure of the concern of the community at large is evidenced in the fact that a major smoke stack industry is represented by its Director of Engineering and Research and a major bank has sent a senior Vice President.

With this kind of representation, we can be sure that our next effort in upgrading mathematics instruction will not flounder on the shoals of misunderstanding and public apathy.

Now, this Committee, of course, cannot operate without funds, and while it is seeking funds from many private institutions, the principal source will undoubtedly always be the education branch of the National Science Foundation. And it is, therefore, true that we are urging that you support mathematics education in that area of the Foundation, as well as all other science education, which we regard as equally important, and we would ask in particular that you keep your eye on what happens with this new Math Science Board. I believe it is an important board, that it is moving ahead, just getting started, to be sure, but I think it is moving ahead in a way that will have a profound effect, and I do hope you will see to it we do continue to receive funding through the Foundation.

Thank you very much for your attention.

[The statement of Andrew M. Gleason follows:]

TESTIMONY SUBMITTED BY THE

JOINT POLICY BOARD FOR MATHEMATICS

BEFORE THE HOUSE SUBCOMMITTEE ON
HUD-INDEPENDENT AGENCIES APPROPRIATIONS
ON THE
FISCAL YEAR 1987
NATIONAL SCIENCE FOUNDATION APPROPRIATIONS

PRESENTED BY
ANDREW M. GLEASON
PROFESSOR OF MATHEMATICKS AND NATURAL PHILOSOPHY
HARVARD UNIVERSITY

The Joint Policy Board for Mathematics is an executive policy board of the American Mathematical Society, the Mathematical Association of America and the Society for Industrial and Applied Mathematics.

TESTIMONY OF THE JPBM

BEFORE THE HOUSE HUD-INDEPENDENT AGENCIES SUBCOMMITTEE

ON THE NSF FY 1987 APPROPRIATION

My name is Andrew Gleason. I am Hollis Professor of Mathematicks and Natural Philosophy at Harvard University, and a former president of the American Mathematical Society. I also helped found the Joint Policy Board for Mathematics, on behalf of which I am speaking today. The Joint Policy Board for Mathematics represents 31,000 mathematicians from universities and colleges, government laboratories and industry.

PRIMARY CONCERNS OF THE MATHEMATICS COMMUNITY

The Joint Policy Board for Mathematics (JPBM) is concerned about the level of federal support for mathematics education and mathematics research.

About 94% of federal support for mathematics research comes from the National Science Foundation (54%) and the Department of Defense (40%). A significant percent of federal support for mathematics education comes from the National Science Foundation.

MATHEMATICS AS THE FOUNDATION DISCIPLINE

Mathematics is the foundation discipline that makes progress in science and technology possible.

Mathematics is the very language in which most of the theoretical aspects of science and technology are described. Progress in science and technology depends in an essential way on the continual discovery of new mathematics. This is seen in the frequency with which Nobel prizes are awarded to scientists for work which depends heavily on sophisticated mathematical concepts and methods discovered only a few years before. [1]

The benefit of continued research in mathematics translates into major cost savings to the nation through a strengthened defense capability, a renewed competitiveness in international trade, and a revitalized economy.

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[1] It is not a coincidence that the two most recent recipients of the Nobel Prize in chemistry are members of the American Mathematical Society.

A strong mathematics research capability depends upon an education system that provides quality mathematics education for its students, who will need mathematics to live and work in a high-technology society. Over 25 million young people study mathematics every weekday in the nation's elementary schools.

This is principally because:

- Mathematics is an important part of the preparation for functioning as an adult in our society, so much so that mathematics education begins in the first grade and continues systematically into the secondary level.

- High school and early college mathematics form an essential part of education for any of a broad spectrum of technical careers, and are necessary for the rudimentary grasp of science needed by all college graduates.

Furthermore, those would be scientists, engineers, mathematicians, computer scientists, and economists must study mathematics through most of their collegiate years.

- Advanced college mathematics is an essential part of the basis for becoming a scientist or engineer in today's world.

Specific recommendations for how the NSF can strengthen support for mathematics education and mathematics research are addressed in this testimony.

I. JPBM RECOMMENDATIONS ON MATHEMATICS EDUCATION

The National Science Foundation (NSF) policy for science and engineering education--both precollege and collegiate--must be built on this central fact: Mathematics is not just one of the sciences; it is the foundation for science and engineering.

Mathematical Sciences Education Board

The JPBM recognizes the importance the Congress places on science and mathematics education as evidenced by appropriations for both the NSF science and mathematics education programs and the Education for Economic Security Act. To complement this

Congressional action, the mathematics community [2] proposed the establishment the Mathematical Sciences Education Board, which has been in operation since the summer of 1985. [3]

This 34-member Board is designed is to provide a continuing national capability to support mathematics education well into the next century. The Board's membership is a partnership of educators at all levels (classroom teachers, school administrators, undergraduate instructors, and research mathematicians), parents, and representatives of business and industry, and government at all levels (local, state and federal).

The Board will provide practical advice to classroom teachers and policy makers in several areas of concern: testing, standards, professional education of teachers, international education, and curricula.

> RECOMMENDATION: The JPBM recommends that the Congress monitor the progress of the Board, for which the NSF is providing some start-up funds. The Board is a unique undertaking of national significance, which addresses many of the education issues about which this subcommittee has been concerned.

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2. The mathematical sciences community comprises thirteen professional mathematical associations, whose presidents regularly meet under the auspices of the Conference Board of the Mathematical Sciences to discuss policy goals and options.

These organizations are: American Mathematical Association of Two-Year Colleges, American Mathematical Society, American Statistical Association, Association for Symbolic Logic, Association for Women in Mathematics, Institute of Mathematical Statistics, Mathematical Association of America, National Council of Supervisors of Mathematics, National Council of Teachers of Mathematics, Operations Research Society of America, Society of Actuaries, Society for Industrial and Applied Mathematics, The Institute of Management Sciences.

3. The MSEB was established by the National Research Council, the principal operating arm of the National Academy of Sciences and the National Academy of Engineering in Washington, D.C.

Undergraduate Education

The JPBM is also concerned about the quality of undergraduate mathematics education. The key to revitalization of collegiate mathematics is a faculty that is intellectually alive. Students must encounter mathematics as a living, growing discipline.

> RECOMMENDATION: The JPBM recommends that NSF establish a program of competitive faculty fellowships to promote a wide variety of accomplishment: curriculum development, student projects, professional travel, research support, computer needs.

II. JPBM RECOMMENDATIONS ON MATHEMATICS RESEARCH

In June 1984, the National Research Council released the report of the ad hoc Committee on Resources for the Mathematical Sciences, Renewing U.S. Mathematics: Critical Resource for the Future. The committee found the level of federal support for mathematics research to be at a seriously low level. Equally important was the fact that the low levels of federal support for mathematics were seriously out-of-balance with higher levels of federal support for other fields of science.

This committee, which was chaired by Dr. Edward E. David, Jr., former science advisor to the president and then-president of Exxon Research and Engineering Company, was comprised largely of non-mathematicians!

How did this problem come about? The decline of federal support for mathematics research in the late 1960's and early 1970's went largely unnoticed because the support of mathematics was aggregated with support for computer science. Sharp rises in funding for computer sciences masked sharp declines in federal funding for mathematics research.

Present shortfalls in federal support for mathematics research--about $90 million annually--are small compared to many other issues dealt with by this subcommittee. Yet, the effect of not dealing with the problem could result in a serious erosion of the idea base for future scientific and technological development. The creation of new mathematics is a vital part of scientific and technological advancement. This fact often escapes the attention of policy makers and sophisticated observers of science and technology.

Recommendation by the David Committee

The David Committee made some conservative recommendations--even though calling for more than a doubling of federal support over a five year period. The increases would come from a low base--from $80 million in 1984 (1984 dollars) to $180 million (1984 dollars) by 1989.

Progress Since 1984

In an unprecedented action, the National Science Board formally commended the ad hoc committee for its "timely and compelling report." Furthermore, the NSB noted the importance of balance in support for scientific and engineering disciplines, "especially where a specific field, such as mathematical sciences, affects much of the scientific, engineering and technological enterprise of the nation." The NSB then adopted this resolution:

> RESOLVED, that a concerted effort should be made by all funding agencies to increase support for the mathematical sciences for several years until a proper level of sustaining support has been achieved. [NSB-84-302]

Federal support for mathematics research has shown a slight upward turn over the past few years. At the National Science Foundation, the levels of support for mathematics research rose from $45.6 million in fiscal year 1984 to $52.7 million in fiscal year 1985 -- a 15% increase.

Furthermore, NSF's fiscal year 1986 support for mathematics research remains at the appropriated level of $57.2 million, having been exempted from the Foundation's across-the-board cut imposed by Gramm-Rudman-Hollings.

> RECOMMENDATION: The JPBM urges the HUD-Independent Agencies Appropriations Subcommittee to support and augment the increases in mathematics funding being undertaken at the NSF. Mathematics is a foundation discipline. This means that mathematics should be central to deliberations about science policy and allocation of appropriations.

Thank you for the opportunity to testify. The JPBM would be pleased to provide additional information and supporting documentation.

Mr. **Stokes**. Thank you very much. I would just ask you if you have any information in terms of how, on a comparative basis with other countries, we stand now in terms of mathematics studies, say the Soviet Union, West Germany, Japan, or other leading countries in the world.

Mr. **Gleason**. I have seen some graphs recently showing where American students in testing programs have come out in the course of various testing that had been given, and I regret to say I think in no category did we stand above the middle; there are several categories in which we stand down at the bottom of countries like Turkey, countries we feel we should not be in competition with. We should be at the top of this heap, sir.

I think the situation is quite real. It is a very curious fact that our highest level, and I mean very highest level, I am not talking about ten percent, I am talking about half of one percent level of student competency at the moment, stands up with the best in the country. Our high school students have gone to the international math Olympiad competing in programs. In these ten years, we have finished at least third best and twice we have been number one in that competition. I would put up our top people against anyone else.

Mr. **Stokes**. So we are talking about a very small percentage?

Mr. **Gleason**. A very small percentage. At that level, we are with everybody, no question. But it is down below that, the people who are not being advised properly about taking mathematics courses in high school, it is down below that in the fact that of our teachers in grade school, many lack serious mathematical competency. Many of them are as math-shy as the students they are teaching, which is rather unfortunate, and I think it is a vicious circle we simply have to break out of.

Mr. **Boland**. Mr. Green?

Mr. **Green**. What would you see as the respective roles of the National Science Foundation and the Department of Education dealing particularly with problems of elementary and secondary education and the lack of good mathematics there?

Mr. **Gleason**. My knowledge of the Department of Education is rather weak, sir. I don't feel that I am in a position to make any real comment on their business, but I do know that math 25 years ago, when there was a very big push in mathematics education, most of the funding we got and so on came from the National Science Foundation Education Branch, and I feel that that program was, from a technical point of view, a very substantial success. It has had a considerable residue in the country. At the top level universities, we see a better preparation in mathematics of the students who arrive there than we did 25 years ago, and I think that is largely due to that——

Mr. **Green**. This is the so-called new math program?

Mr. **Gleason**. Yes. But at other levels, the program did not work out for a number of reasons. I could name a lot of things.

Mr. **Stokes**. Thank you.

Mr. **Boland**. Do you think the mathematical sciences are adequately funded by the request for 1987?

Mr. **Gleason**. Yes, sir. I think the request is reasonable if it stands up against the Hollings cuts and so on, and then we would be in great shape.

Mr. **Boland**. There has been a considerable increase in this area over the past few years, and you point to that fact in your statement, too, from $45 million up to $57 million. And I think this Committee can take some pride in the fact it was done at the behest and at the urging of this particular Committee. I have said this often in this Committee, when we have had people from the colleges this year indicating, as you have indicated, this is one of the most important disciplines that we have in the whole education curriculum, and that I think has been neglected by the National Science Foundation.

We stopped the drop in funding and reversed it, and now it is getting up to $57 million, probably more. Would you be willing to chop a little bit off of the other sciences in order to augment mathematics?

Mr. **Gleason**. Well, if I were, I would try to keep things in balance. I suppose that, in effect, if you lower one, you have to lower another unless someone gives you more money.

Mr. **Boland**. This is a big item, as you know. It amounts to about $450 million, and looking at physics, that is carried at about $127 million and chemistry at about 102.

Mr. **Gleason**. Yes, I understand that.

Mr. **Boland**. We could afford to take a little off those and put them in mathematics, couldn't we?

Mr. **Gleason**. I suppose.

Mr. **Boland**. I don't want to put you in the middle on this. When you get back to Harvard, you will run into problems with those interested in physics.

Mr. **Gleason**. One of the problems we have faced throughout has been the fact that we are a small item and frequently aggregated with high-ticket items. That has often times led to our downfall. That is how we got to the condition the Committee reports upon. I hope it won't happen again.

We appreciate your personal interest—all of you.

Mr. **Boland**. Where does Hollis come from?

Mr. **Gleason**. The chair was founded in 1772, sir. It is the oldest science chair in the United States.

Mr. **Boland**. You are celebrating your 350th anniversary this year, 1636.

Mr. **Gleason**. Indeed. There will be a big celebration in the fall.

Mr. **Boland**. Are you having a celebration up there?

Mr. **Gleason**. Absolutely. It is a big thing. I just got my invitation in the mail yesterday.

Mr. **Boland**. I haven't gotten mine yet. I was waiting for it.

Mr. **Gleason**. You will get it.

Mr. **Boland**. I don't want one.

Mr. **Gleason**. We want you to come.

Mr. **Boland**. As a matter of fact, Springfield is celebrating its 350th anniversary too. We hope to get the Harvard band up there next year.

Mr. **Gleason**. Great.

Mr. **Boland**. Thank you very much.

Mr. **Stokes**. Thank you.

NATIONAL SCIENCE FOUNDATION

WITNESS

DR. WILLIAM M. RISEN, JR., AMERICAN CHEMICAL SOCIETY

Mr. STOKES. Our next witness will be Dr. William Risen, Jr. We are pleased to have you here as a witness. You may proceed as you like.

Mr. RISEN. Thank you. My name is William Risen, Jr. I am a member of the American Chemical Society's Committee on Chemistry and Public Affairs and also a Professor of Chemistry at Brown University. I appear before you today with the approval of the Society's Board of Directors to present the highlights of the ACS statement on the National Science Foundation Fiscal Year 1987 appropriation. I request the complete ACS statement be entered into the hearing record.

Mr. STOKES. Without objection, the complete statement will be entered into the record.

Mr. RISEN. Thank you, sir.

The health of American industries, particularly the chemical and alloys products industry, owes a great deal to the basic chemical research conducted in our university laboratories.

The National Academy of Science has recently published a report entitled *Opportunities in Chemistry,* which details how advances in the chemical sciences are the key to new processes and materials, more energy and food, a cleaner environment, and better health for the citizens of the world.

The ACS believes the National Science Foundation plays a key role in insuring the exploration of opportunities in basic research, particularly those research areas that are not pursued by the mission-oriented agencies.

Another major role for NSF is responsibility for the overall health of the academic support structures that produce the nation's scientific and engineering manpower. The following points relate to these roles of the Chemistry Division of NSF.

First, the Society urges that the Congress support the Administration's requested increase. This request includes a 17.6 percent increase in funding of the Foundation's Chemistry Division, which is viewed as moderate when compared to the potential benefits for the economy and for our society as a whole.

Second, the ACS supports the activity of the Director of Science and Education. This will require a larger expenditure of funds in future years to support its mission, especially to implement new programs at the undergraduate level. As indicated by the recent National Science Board report, such efforts are badly needed.

Third, the Society supports NSF's efforts to assess the need for new or renovated scientific facilities. Further, the ACS believes a competitive merit-based peer review process should be the primary mechanism for the selection of proposals for large-scale research centers and facilities, as well as for the selection of proposals for research and instrumentation designated for those facilities.

Fourth, the NSF is to be applauded for both its programs that enhance the participation of under-represented groups and institutions and those programs that improve the nation's scientific and engineering infrastructure. Also important is the Foundation's continued support for productive communications between U.S. scientists and scientists in other countries.

In conclusion, the American Chemical Society would like to note due to its nature, chemistry makes contributions to its national progress that are most impressive. Our entire physical world is made up of molecules, materials that lend themselves to preservation, substitution, transformation and other activities that are carried out through chemical science and technology. Continued support for research in these areas and for education and training in the chemical and related sciences is essential to ensure advances by the nation's industries and subsequent technological leadership of the United States.

The American Chemical Society appreciates the opportunity to express its views to the Subcommittee as it considers NSF's fiscal year 1987 appropriations at this time. Thank you.

Mr. STOKES. Thank you, Dr. Risen. Are there questions?

Mr. BOLAND. Thank you.

Mr. STOKES. Thank you, Doctor.

[The statement of William M. Risen, Jr., follows:]

STATEMENT
of
DR. WILLIAM M. RISEN, JR.
on behalf of the
AMERICAN CHEMICAL SOCIETY
to the
SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
on the
NATIONAL SCIENCE FOUNDATION FY 1987 APPROPRIATIONS
TUESDAY, MAY 6, 1986

Mr. Chairman and Members of the Subcommittee:

My name is William M. Risen, Jr. I am a member of the American Chemical Society's Committee on Chemistry and Public Affairs and also a Professor of Chemistry at Brown University. I appear before you today with the approval of the Society's Board of Directors to present the ACS statement on the National Science Foundation Fiscal Year 1987 budget.

The NSF Organic Act directs the Foundation to initiate and support basic research and education programs at all levels. The Foundation's importance to the scientific research and education enterprise in the U.S. is beyond dispute. NSF bears the major responsibility for maintaining the health of basic scientific research in the U.S. It accounts for about 28 percent of federal support for basic research in academic institutions and maintains U.S. scientific strength by funding research in all fields of science and engineering. It is in the best interest of the country for Congress to fund the NSF at least at the level proposed by the Administration for FY 1987. Under this proposal, support for Research and Related Activities would increase from the FY 1986 Gramm-Rudman-Hollings figure of $1,294.1 million to a total of $1,479.0 million in FY 1987, representing an increase of $184.9 million or 14.3 percent.

While many features unite the various scientific disciplines, these disciplines differ in their organizational patterns and in their top-priority research needs. For example, in high energy physics, an accelerator may hold the key to progress; in astronomy, a large telescope may be central to future advancement. Progress in chemistry today arises from a significant number of small but well-equipped laboratories.

What happens in these laboratories is very important to societal needs and for the economic competitiveness of this Nation. Due to its nature, chemistry inherently makes contributions to our national progress that are most impressive. Our entire physical world is made of material that lends itself to preservation, substitution, and transformation. These activities are carried out through chemical science and technology. Most scientific disciplines, ranging from molecular biology to astronomy, make use of chemistry. A large number of industries use chemistry in the manufacture of their products. The routine analytical sciences which support the nation's health systems use chemistry. Chemistry is truly a pervasive science.

The recently published National Academy of Sciences/National Research Council (NAS/NRC) Report, Opportunities in Chemistry, details how advances in the chemical sciences can be the key to future progress leading to new processes and materials, more energy and food, a cleaner environment, and better health for the citizens of the world. These advances are dependent upon ideas and experimental results emanating from basic research studies.

The support of the National Science Foundation is essential to the vitality of the research base residing in our academic institutions. In fiscal year 1984, NSF provided 47 percent of the federal obligations for basic research in chemistry performed by universities and colleges; most of this support was contributed by the NSF Chemistry Division.

The American Chemical Society endorses the recommendation of the NAS/NRC Report that states that the NSF Chemistry Division budget should be doubled over a three-year period. The Society likewise endorses the following emphases in the FY 1987 request for the NSF Chemistry Division:

- Initiation of a five-year plan in shared instrumentation to fund ongoing maintenance and operations support associated with new instruments, and increased allocations for dedicated instruments in FY 1987. The ACS, as well as the NAS/NRC Report, recommends that annual operating and maintenance costs be built into the NSF shared instrumentation program, and that funds for dedicated instruments be increased. In addition, there is an initiative in computational chemistry. The ACS supports this initiative which will effectively integrate use of computers by researchers.

- Support for collaborative research activities in materials chemistry, chemical catalysis, and development of new modern instruments, as well as collaborative and individual investigator projects in the chemical underpinnings of biotechnology. These research areas are among the fields of study which the Academy Report identified as providing opportunities for significant intellectual advancement that will also help yield social and economic returns for the United States.

- Increase of the average grant size in FY 1987 over the FY 1986 figure.

While the overall increase of 17.6 percent above the FY 1986 Gramm-Rudman-Hollings figure in the Chemistry Division's budget is healthy, it falls short of the 25 percent increase recommended in the Academy Report. Nevertheless, it is an important step in the right direction that must be preserved in the FY 1987 budget process, and maintained in future fiscal years. The ACS urges Congress to support this requested increase in chemistry, which is small when compared to the potential benefits to the economy and our society as a whole.

The ACS believes that as a nation we must insure that the human resources needed by our industries are well-trained and educated. The Foundation is the lead federal agency that attends to the overall health of the academic support structures that produce the Nation's scientific and engineering manpower. Without this continued NSF support, the Nation will be deferring the training of numbers of scientists and engineers who are critically needed by U.S. industry. Chemistry is an especially crucial area since chemists make up the bulk of physical scientists employed by U.S. businesses. Our other major comments on the NSF FY 1987 request focus on this support structure and are summarized as follows:

- The American Chemical Society notes that the Directorate for Science and Engineering Education will surely require a larger expenditure of funds in future years to accomplish its overall goals. The Foundation is to be commended for its programs in the K-12 areas; however, new programs are needed at the undergraduate level where future scientists and engineers receive their education.

- The Society is pleased that NSF is proceeding with a study of the need for new or renovated scientific facilities. The ACS supports a competitive, merit-based peer-review process. Such a process must be the primary mechanism for selection of proposals for large-scale research centers and facilities, as well as for the selection of proposals for research and instrumentation designated for them.

- There is broad recognition that continued productive communications between U.S. scientists and scientists in other countries are important to economic development. The ACS supports the FY 1987 budget request for International Activities, but regrets that the Foundation does not seem to have sufficient resources to add new cooperative research activities.

- The Foundation is to be applauded for its programs that enhance the participation of underrepresented groups or institutions in research activity and that improve the Nation's scientific and engineering infrastructure. The ACS is pleased that Presidential Young Investigators, Visiting Professorships for Women, Research Opportunities for Women, Support for Predominantly Undergraduate Institutions, Minority Research Initiation, and Research Improvement in Minority Institutions are among those programs with a continued funding commitment.

In conclusion, the ACS is heartened to see that the importance of basic chemical research and of education is stressed in the Foundation's budget request. The Society urges Congress to continue support for these areas at a time of fiscal restraint.

NATIONAL SCIENCE FOUNDATION

WITNESS

DR. THEODORE L. BROWN, VICE CHANCELLOR FOR RESEARCH AND DEAN OF THE GRADUATE COLLEGE, THE UNIVERSITY OF ILLINOIS, REPRESENTING THE COUNCIL FOR CHEMICAL RESEARCH

Mr. STOKES. Our next witness will be Dr. Theodore L. Brown. We are pleased to have you with us as a witness. Please feel free to proceed as you desire.

Mr. BROWN. I am Theodore L. Brown, the Vice Chancellor for Research and Dean of the Graduate College of the University of Illinois. It is a privilege to be here today to testify before you. I might say at the outset that in my role as Vice Chancellor for Research, I am responsible for all science and engineering.

Today I am wearing my chemistry hat and am appearing here today on behalf of the Council for Chemical Research to speak on behalf of the budget for the National Science Foundation. I am confident also that I convey the views of the National Research Council's Board on Chemical Sciences and Technology.

Perhaps I can tell you a little bit about the Council for Chemical Research. It is an organization of about 47 major companies, and it consists of 148 chemistry departments. It is the universe of those chemistry departments that produce all the Ph.D.s in chemistry in the nation. The organization was founded to promote a better understanding of chemistry in the society and promote better mutual interactions between industry and academic chemistry.

The chemical industry is a very important part of our national economy. You might know the gross national product of that industry is $170 billion in shipped products, and one of the few sectors of our national economy that contributes to a positive balance of trade. Last year it was about $10 billion.

But like most other sections of our economy, the chemical industry has become subject to pressure from other nations throughout the world. If we are going to maintain what is now a real lead in this area of our economy, it is important we maintain a strong research enterprise, and that means that we have to have strong research in the universities which supply the manpower for the chemical industry.

I would like to command your attention to this book you have seen, this is entitled *Opportunities in Chemistry,* and it is the product of a study sponsored by the National Academy of Sciences and National Research Council. It was chaired by the distinguished chemist, George Pimentel. I am sure you won't have time to read this report. I find it fascinating reading. But no matter what your background, I think you would find the points made in this report that relate to what we are talking about today are quite clearly made.

They are the following: Chemistry, in spite of the fact it is one of the older sciences, remains an intellectually exciting and important area of science. It is worthy of the attention of our best young minds. We like to call it the central science because it relates so importantly to other areas of science and engineering.

Secondly, as I have already indicated, chemistry is very important to our national economy and well-being of our citizens in areas such as medicine, food production and so on.

The final point is that academic chemistry in the universities is seriously underfunded both in relationship to the actual needs and in relationship to the other physical sciences. I might note that just as a benchmark there are more Ph.D. chemists working in chemistry than there are Ph.D.s in all of the other areas put together. It is exceeded only by the number of engineering Ph.D.s, including all of the engineering disciplines.

There is a very important role for the universities in supplying trained manpower to industry. This report recommends there be a substantial increase in the funding of academic chemistry because of the tremendous needs that have been brought about as a result of rapid developments in instrumentation and in costs of doing first-rate cutting edge science. We strongly support the recommendations of the Administration for a 17 percent increase in the chemistry budget for fiscal year 1987, and we also support the recommendations of this report which call for a 25 percent annual increase in the chemistry budget over the next three years to attempt to bring that level up to a point which is appropriate to the needs of the sciences.

I thank you again for the opportunity to be here today, and I would be glad to answer any questions you may have.

[The statement of Theodore L. Brown follows:]

May 6, 1986

Testimony on the National Science Foundation's Budget Request for FY 1987

by Dr. Theodore L. Brown
Vice Chancellor for Research and Dean of the Graduate College
The University of Illinois

before the

Subcommittee on HUD and Independent Agencies

of the

Committee on Appropriations
House of Representatives
Congress of the United States

Edward P. Boland, Chairman

Mr. Chairman and Members of the Committee:

I am Theodore Brown, Vice Chancellor for Research at the University of Illinois. It is a privilege to testify to this distinguished Committee, to bring you the views of the Council for Chemical Research on the important matter of the budget request for the National Science Foundation, in particular the budget of its Chemistry Division. In addition to our Council, we are confident that the National Research Council's Board on Chemical Sciences and Technology endorses fully the statements to be made here.

The Council for Chemical Research (CCR) is an organization of 148 leading universities and 47 major companies. This strong association was formed to maintain and improve the academic and industrial base for U.S. technological competitiveness and the domestic economy. Our purpose is focused on strong interactions between academia and industry and on support for basic research in chemistry and chemical engineering. Our membership includes virtually every research university in the U.S., and companies that do 75% of this nation's industrial research in these fields.

The chemical industry of the U.S. supports about a million jobs, annually ships about $175 billion in products and currently makes a <net> contribution to our international trade balance of about $10 billion. Maintaining this competitiveness requires constant improvement of processes and introduction of new ones. This industry is second to none in its investment in research and development to that end.

As a member of the academic community I often exchange views with my industrial counterparts. I know that the American chemical industry recognizes U.S. universities as the principal source of the vital basic research upon which American industry depends for its knowledge base, and as the principal wellspring of highly trained and imaginative young scientists and engineers. That industry therefore contributes strongly and willingly to the health of the universities. In fact, during the last four years chemical companies have tripled their contributions to chemistry and chemical engineering departments, to an annual level of $80 million.

The industry, however, can carry only a fraction of the expense for this vital base of continued U.S. competitiveness. It is absolutely necessary that the Federal agency responsible for the continued health of our basic scientific enterprise, the National Science Foundation, be given the wherewithal to do its job.

Chemistry plays a central role in many of our most rapidly developing technological areas. Edward Jefferson, du Pont's Chairman, has illustrated that for biotechnology with an example from du Pont. Their central R&D Department has devoted most of its recruiting in the last 5 years to building up advanced basic research groups in molecular biology, health sciences, and plant science. These groups now contain over 80 Ph.D.'s, and over half of them have degrees in chemistry.

As a spokesman for universities and the chemical industry, my enthusiasm for increased funding for chemistry is hardly surprising to anyone, but let me recite some facts to back it up.

About 70% of the chemists in this country are in industry. This is the highest proportion of any science. Physicists and biologists are at about one-third. Only engineers show a higher fraction. The point is that a science so heavily represented in industry will show a strong correlation between academic research and industrial progress.

I hope that you have heard of the National Research Council's report entitled "Opportunities in Chemistry." This report spells out in highly intelligible language the state and the promise of today's chemistry. Hundreds of leading chemists analyzed the state of their art and showed where it could lead. George Pimentel of the University of California did an exceptional job of leadership, editing and maintaining clarity for people not trained in chemistry. The report makes a convincing case that chemistry is central to our scientific enterprise, our economy and our international competitiveness.

In these few minutes, therefore, I should like to highlight some of the observations of the Pimentel Report, and especially those of its recommendations which bear on the National Science Foundation.

The Report's carefully based observations about today's chemistry show that it combines three attributes to an extent which is unique: it is intellectually exciting, economically promising, and underfunded in relation to its capability for national benefit.

One of the Report's authors and a 1986 winner of the National Medal of Science is Professor Harry Gray of the California Institute of Technology. His words set the stage very well:

> "Chemistry is the science of molecules -- how they are made, how they are transformed into valuable new products and materials, and how they can be used safely to improve the quality of life for all humankind."
>
> "Molecules and their transformations are central to almost every aspect of our quality of life, and economic strength, yet there remains much that we do not know about the rules that control the molecular game. You can see this clearly in the search for a cure for AIDS, in the questions surrounding the Shuttle disaster, in the search for environmentally sound approaches to the production and preservation of food, and in the search for improved molecular level switching devices for computers and communication devices."
>
> "As chemists we are both excited and awed by the recent accomplishments and anticipated discoveries on the horizon at a number of chemistry's frontiers. In the report we call particular attention to specific current opportunities.... These are really not new research areas. What is new is an arsenal of now available tools -- highly sophisticated instruments -- that allow us to explore at the molecular level problems that were previously intractable."

It is hard to avoid the conclusion that chemistry is a central science. It underlies the discovery of new processes, using new sources of energy, developing new materials, feeding us and the other people of the world, improving health and conquering disease, monitoring and protecting our environment, maintaining our economic competitiveness, and increasing our national security.

There is another characteristic of chemistry, however, which has very timely importance. This is its intellectual challenge and excitement. An example of this is research which probes into the details of very complicated molecular systems, such as the behavior of DNA -- the molecule that carries the genetic code -- in living organisms. That chemists are able to make progress in that complex and amazing jigsaw puzzle is due to their superb intellect and the advanced instrumentation now available. Available, that is, if professors guiding university research can find the hundreds of thousands of dollars required for some of these modern tools.

In modern chemistry, then, we have a unique combination of intellectual challenge and economic value, which can help strengthen the economy and bring down deficits if given the required additional investment.

"Opportunities in Chemistry" accordingly recommends some increases in Federal support for basic research in chemistry, increases that are not only minor in terms of the national expenditure for research and development but also trivial in terms of the proven return rate delivered by chemistry and chemical technology.

The chemistry community is very individualistic. In spite of this, the Report's authors courageously identified specific areas within chemistry for special attention. Unquestionably this enhances the credibility of the Report and its recommendations. It is not surprising that Dr. Frank Press, President of the National Academy of Sciences, called the Report "a towering achievement."

The Report recommends that the National Science Foundation should begin a 3-year initiative to increase its support for chemistry by 25% per year for FY 1987, FY 1988 and FY 1989. That may sound large at first glance, especially in this time of necessary deficit reduction. What we are talking about, however, are three increases in the neighborhood of $25 million a year, which is miniscule in comparison to the proven return to our economy from investment in chemical knowledge. The $175 billion of economic activity based on chemical technology sets the scale. And indeed we are pleased that the NSF Director, in spite of current constraints, recommended a 17.5% increase in the Chemistry Division's budget. At the very least, that must be protected. Nevertheless we believe that the increases recommended by the Report are fully justified.

The Report also recommends increased funding by industry. The industrial members of CCR are already doing much, as I mentioned, and intend to continue. Industry, Government and academia must each do its vital part. In simple terms, the formula is: universities do fundamental research (while providing well trained scientists); Government funds it; industry applies it. It is a very successful formula if each of us does our part properly.

To summarize, I should like to close with the words of a guest editorial in Science magazine on the subject of the Pimentel Report, written by du Pont's Chairman, Edward Jefferson.

> "All who are concerned that science make its full contribution to national life should study this report and its recommendations. They will be convinced that we need full support of the chemical sciences by government, industry and our academic institutions. Society will be repaid manyfold for such an investment of resources."

Mr. Chairman and Members of the Committee, on behalf of the Council for Chemical Research and myself, I thank you most sincerely for the opportunity to present this testimony to you.

Mr. **Stokes**. Thank you very much, Dr. Brown.

Mr. Green.

Mr. **Green**. Dr. Brown, you mentioned 148 institutions with Ph.D. programs in chemistry. I think it is probably a very good thing for the country that we have gone way beyond the stage where there are only half a dozen first-class institutions in the sciences. But I wonder, this 148, is that much proliferation the most sufficient way to use our resources? Would we be better off concentrating in some more modest number with a broad geographical dispersion?

Mr. **Brown**. Frankly, I think, the number of institutions is large, but if you look at the distribution of Ph.D.s, you find the majority of those Ph.D.s are concentrated in a comparatively small area of institutions. These same departments are very important sources of the undergraduates that go on to graduate work in the other institutions. We firmly support the notion of merit-based and computer review funding of chemistry. We think it should be done on a peer review and merit base in terms of those kinds of criteria.

Mr. **Green**. Thank you.

Mr. **Stokes**. Mr. Boland.

Mr. **Boland**. Thank you very much for a fine statement.

NATIONAL SCIENCE FOUNDATION

WITNESS

ALAN G. KRAUT, PH.D., ASSOCIATE EXECUTIVE DIRECTOR, AMERICAN PSYCHOLOGICAL ASSOCIATION

Mr. **Stokes**. Our next witness is Dr. Alan Kraut. We are pleased to have you as a witness. Feel free to proceed as you like.

Mr. **Kraut**. I am Alan Kraut. On behalf of APA's more than 87,000 health professionals, I appreciate this opportunity to testify before you on NSF's appropriation.

I have submitted a detailed written statement to the Subcommittee which I will only briefly summarize here. I ask the whole of my testimony be included in the record.

Mr. **Stokes**. Without objection, the entire text will be placed in the record.

Mr. **Kraut**. APA strongly endorses the Administration's overall research budget request for NSF. We commend Director Bloch for proposing increased research support for the Foundation. We are delighted there is now widespread consensus that investing in basic scientific research will help improve our competitiveness abroad and strengthen our scientific base at home.

Let me stress the behavior sciences have an important role to play in the revitalization of our technological base. My written statement contains specific examples of how behavior research on organizational structures and personnel policies can vastly increase the productivity of this nation's work fore. I am pleased to address these statements on the importance of the behavioral and social sciences.

For example, the American Association for the Advancement of Science in testimony on the NSF budget earlier this year emphasized the important role of the behavioral and social sciences in keeping this nation competitive. They observed even in such important topics as innovation, research findings from behavioral sciences frequently are of greater consequence. AAAS then went on to express its concern over the marginal attention given behavioral and social sciences by both NSF and the Office of Management and Budget.

Despite this growing support from the scientific community and APA's general support of the President's budget proposals, I must point out funding of social and behavioral science research has fallen from 6.1 percent of the NSF research budget in fiscal year 1980 to 4.1 percent in 1985 to four percent proposed by the Administration for fiscal year 1987. In fact, when adjusted for inflation, NSF funding for the sciences is now more than 30 percent below fiscal year 1980 levels. To help restore behavioral and social sciences programs to their formal levels of support, we urge as a goal this Subcommittee allocate at least five percent of the research related activities budget to behavioral and social sciences.

Now, Mr. Chairman, I would like to express APA's strong support for science education programs at NSF. We express the concern shared by Congress that improvement is needed in our activities. We note the Administration has proposed increasing science education by $2 million. This is a step in the right direction, but we believe larger strides are called for. The long term gains of basic scientific research will clearly not be recognized if the scientists and engineers of tomorrow are not adequately prepared today.

Finally, I would like to thank the Members of the Subcommittee for your historically strong support of the related budget for NSF. We are hopeful later deliberations will demonstrate strong support specifically for the social and behavioral sciences.

Mr. STOKES. We thank you for an excellent statement.

[The statement of Alan G. Kraut follows:]

American
Psychological
Association

STATEMENT OF

Alan G. Kraut, Ph.D.
ASSOCIATE EXECUTIVE DIRECTOR
American Psychological Association

on behalf of

THE AMERICAN PSYCHOLOGICAL ASSOCIATION

before the

UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS

on the subject of
NATIONAL SCIENCE FOUNDATION APPROPRIATIONS
Fiscal Year 1987

May 6, 1986

The Honorable Edward P. Boland, Chairman

1200 Seventeenth St., N.W.
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(202) 955-7600

Mr. Chairman and Members of the Committee, I am Dr. Alan G. Kraut, Associate Executive Director of the American Psychological Association (APA). Thank you for this opportunity to submit our views on the Appropriations for the National Science Foundation for Fiscal Year 1987. APA represents the concerns of more than 87,000 psychologists, many of whom conduct important research with the support of NSF.

In this statement I will address specific areas of the proposed Fiscal Year 1987 NSF appropriations of interest to behavioral and social scientists. I will then comment at some greater length on an area of great concern to this Subcommittee, the Administration and concerned Americans: the revitalization of this nation's economic and technological base.

NSF FISCAL YEAR 1987 APPROPRIATIONS

APA appreciates this opportunity to strongly endorse the Administration's proposed Fiscal Year 1987 research budget of $1.479 billion for the National Science Foundation. We commend the President and NSF Director Erich Bloch for proposing that NSF's total appropriations be raised to $1.7 billion even in this time of the most urgent fiscal austerity. These increases have been proposed by the Administration because of its conviction that investing in basic scientific research will improve our competitiveness abroad and our scientific base at home. APA is in agreement with that assessment of the importance of basic scientific research and strongly supports the President's

Fiscal 1987 budget request for NSF. We commend the Administration for proposing to increase funding for the Biological, Behavioral and Social Sciences (BBS) Directorate by 12.4 percent over projected Fiscal Year 1986 funding levels.

Increases of this magnitude are needed to restore vigor to behavioral and social science research programs at NSF; these programs are still lagging far behind historical levels of support. It is significant that support of behavioral and social science research has fallen from 6.1 percent of NSF's research budget in Fiscal Year 1980, to 4.1 percent in Fiscal Year 1985, and to 4.0 percent proposed for Fiscal Year 1987. Between Fiscal Years 1980 and 1987, in fact, NSF support for the behavioral and social sciences has actually decreased more than 30 percent when measured in constant dollars.

This pattern of decreased funding has acutally escalated in this Fiscal Year. For example, actual Fiscal Year 1985 funding of behavioral and social science programs in NSF's Behavioral and Neural Sciences (BNS) Directorate was $30 million. In Fiscal Year 1986, funding for these same programs was decreased to $28 million -- $2 million or 6.7 percent below the Fiscal Year 1985 appropriated levels. Gramm-Rudman-Hollings reductions account for only 4.3 percent of that reduction. The remaining 2.4 percent of this cut, though, is attributable to NSF management decisions that shifted Fiscal Year 1986 funds appropriated for use within BNS to other programs. We are concerned that the NSF not disproportionately cut funding for behavioral and social science programs in Fiscal Year 1987, as it did in Fiscal Year 1986.

Behavioral science research within BNS and individual, investigator-initiated research within the Social and Economic Sciences (SES) divisions at NSF have been the disciplines that have fared the worst within the Foundation between Fiscal Years 1980 and 1986. According to an NSF analysis, projected support for these sciences in Fiscal Year 1986, when adjusted for inflation, is more than 30 percent below the Fiscal Year 1980 levels. In Fiscal Year 1986 funding for the entire BBS Directorate is projected at $247.5 million, some $6 million and 2 percent below Fiscal Year 1985 levels. As I have already pointed out, behavioral and social science programs within BBS are seeing budget reductions of 6.7 percent and more below Fiscal Year 1985.

To help restore the behavioral and social sciences to their 1980 levels of support at NSF in real inflation-adjusted dollars, we urge the Committee to approve the Administration's budget request for NSF and to direct NSF to allocate at least 5 percent of NSF's Research and Related Activities budget to behavioral and social science research programs. It is important to note that this increased level of funding would still fall more than 1 percent below the proportion of research support granted to the behavioral and social sciences at NSF in Fiscal Year 1980.

SCIENCE AND ENGINEERING EDUCATION

APA urges the Committee to reiterate its support for the strengthening of science education activities at NSF. We share concerns expressed by Congress and this Subcommittee many times that improvement is needed in our nation's science education activities. For Fiscal Year 1987 the Administration has proposed that $89 million be authorized for the Science and Engineering Education (SEE) directorate at NSF. We are hopeful that this increase of $2 million or 2.3 percent over Fiscal Year 1986 levels of support is but the first step to adequately fund science education activities at the Foundation. We also note with pleasure that NSF has repeatedly assured Congress that none of the funds appropriated to the program in either Fiscal Years 1986 or 1987 will be deferred into future fiscal years, as was the case between 1983 and 1985. But these comparatively small increases are not enough -- increased support for science education activities at NSF must be continued in the future. The long-term gains of basic scientific research clearly will not be realized if the scientists and engineers of tomorrow are not adequately prepared today.

ETHICAL RESEARCH ON SCIENCE AND TECHNOLOGY

APA would like to take this opportunity to commend the Members of this Subcommittee and NSF Director Erich Bloch for actions taken to preserve long-term support of research on the ethical questions often raised by scientific advances. APA encourages NSF to continue its new mode of distributed funding for ethics and values research, and suggests that funding for these activities be raised from $500,000 in Fiscal Year 1986 to $1 million in Fiscal Year 1987 (the activity's level of support between Fiscal Years 1975 and 1985). APA is particularly pleased that the Foundation is providing for the review of all projects in this area by an ethics advisory committee. It is essential for NSF to ensure that these studies be properly coordinated and of high quality.

BASIC RESEARCH AS AN INVESTMENT

The Administration has proposed significant increases for NSF-supported research -- even in the face of large federal deficits -- with the conviction that investing in basic scientific research will improve our competitiveness internationally and strengthen our scientific base at home. At least eight major studies released in the last three years recommend strong support for basic research. Groups recommending increased Federal support for basic research (which is less likely to attract support from the private sector than applied studies) include such diverse groups as the Heritage Foundation, the National Association of Manufacturers, the AFL-CIO, the Business Roundtable, and Georgetown University's Center for Strategic and International Studies.

The behavioral and social sciences have a critical role to play in these efforts to revitalize the nation's economic and technological base. While our international competitors have been quick to recognize these contributions, increases in productivity that could be realized by modifying organizational structures and personnel policies have too often been passed over here in the United States. Indeed, the American Association for the Advancement of

Science (AAAS), in Congressional testimony presented earlier this year, emphasized that in areas such as industrial productivity and innovation, "research findings from the behavioral and social sciences frequently are of greater consequence than those from the physical sciences and engineering."

While technological advances must figure prominently in revitalizing this nation's industrial base, human, social and institutional factors can play an even more important role. This is true whether one is addressing the conduct and management of research, the dissemination and marketing of new technical products, or the implementation of new manufacturing processes. A few examples follow:

1) Employee turnover is a costly problem in both the public and private sectors. Even when effects on the productivity of the organization have been disregarded, behavioral scientists estimate that it will cost between $400 and $4,700 (depending on the nature of the position and the organization) to replace each departing employee. A major study of 20 different experiments designed to reduce employee turnover (McEvoy and Cascio, Journal of Applied Psychology, 1985, Vol. 70, No. 2, 342-353) found that programs aimed at "enriching" jobs on average reduced employee turnover by 17 percent. Thus for every 100 employees that an organization has in a particular job category, enriching or redesigning job tasks could save an average company between $6,800 and $79,900 per year.

2) A global study on the impact of organized programs designed to increase employee productivity in the workplace found that the average

worker's productivity did, in fact, increase significantly (Guzzo, Jette and Katzell, Personnel Psychology, 1985, Sum. Vol., 38(2), 275-291). This study analyzed the findings of 100 separate studies covering 11 types of psychologically-based organizational interventions. Not all interventions were equally effective. The most powerful strategies, it was found, were in the areas of employee training and goal setting. Suprisingly, supplying employees with increased financial incentives did not reliably lead to increased productivity. The effects of worker incentive programs varied widely the study found, sounding a warning to those who depend solely on increasing compensation to boost productivity.

3) Research conducted in the United States following the second world war demonstrated techniques to increase the quality of mass produced units through increasing employee decisionmaking (Coch and French, 1948, American Psychologist, 1982, Vol. 37, No. 7, 737-746). This social technology led to the training of production workers in rudimentary research design and statistical techniques enabling them to monitor and become more involved in the production process. This concept, which was originated in the United States, evolved into the unique Japanese technology, "quality control circles." The high overall quality of the Japanese automobile industry is attributable in part to the effects of quality control circles.

While there is a great need to conduct more research on the development of strategies and conditions critical to more efficiently utilizing the nation's human resources, such studies, for the most part, are not supported at the National Science Foundation. Primarily, NSF funding for the behavioral and social sciences has gone to support important basic research by individual investigators pursuing the fundamental questions on human behavior and mental functioning. This is the type of work which forms the base for studies on improving productivity such as those already cited in this testimony. For example, social psychology research projects at NSF last year included basic studies on group opinion changes, social perception and the processing of social information. Findings emerging from these studies may be used to guide other behavioral scientists in devising strategies to be used in motivating employees to increase productivity. Similarly, basic research in the cognitive sciences last year included fundamental studies on knowledge acquisition, decision-making, and memory. Clearly advances in these areas are key to developing new, more effective educational and training strategies.

It is in the support of such basic, fundamental research in which NSF has the greatest role to play. Simply put, without the provision of additional financial inducements, support for these studies is rarely available from the private sector since the ultimate payoff for these basic studies is often not readily apparent. Currently, behavioral and social science research is specifically excluded from the law which grants tax credits to industry in return for their support of basic scientific research.

Thank you again for the opportunity to present this statement. It has focused on the contributions that the behavioral and social sciences make to increasing the nation's productivity and international competitiveness. Of course, psychologists engage in many other areas of research. Their activities form an impressive array of inquiry which ranges from purely physiological phenomena to purely social phenomena and includes such diverse topics as normal and abnoramal brain growth and development; educational processes such as learning and memory; the study of social institutions and interactions; survey research; and the development of standardized tests with many applications in both the public and private sectors.

Finally, we would like to thank this Subcommittee for its historically strong support of the Research and Related budget at the NSF. The Subcommittee's task is more difficult in this year of fiscal austerity, but therefore, all the more critical. Based on this Subcommittee's sensitivity to the contributions of the basic sciences, both at home and abroad, we are hopeful your deliberations will again demonstrate strong support for the NSF and the programs funded by the agency.

NATIONAL SCIENCE FOUNDATION

WITNESS

CYNTHIA H. NULL, PH.D., EXECUTIVE DIRECTOR, FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL AND COGNITIVE SCIENCES

Mr. STOKES. Our next witness will be Dr. Cynthia Null. We are pleased to have you as a witness. Feel free to proceed as you would like.

Ms. NULL. I am Dr. Cynthia Null, and I am testifying on behalf of the Federation of Behavioral, Psychological and Cognitive Sciences, a coalition of 13 scientific societies. Thank you for the opportunity to comment on the fiscal year 1987 appropriation for the National Science Foundation (NSF).

As scientists, we are pleased with the Administration's active support of Federally funded basic research, as reflected in the proposed NSF fiscal year 1987 budget. Consistent funding for NSF, whose sole mission is to support basic science, now is more important than ever. NSF is an important funding source for the cognitive sciences.

Research results cannot be bought on a short-time scale. Neglecting basic research this year means fewer gains in subsequent years. We will not be able to remedy this deficit by increasing research spending at that later time. Good research requires attracting good people to work on important problems, training new researchers, obtaining basic results and working out their applications. None of this can be done quickly; the investment in ideas, methods and applications must be made now. That is why it is important for the government to maintain and enhance, wherever possible, its support for basic research.

The human mind is really our biggest economic resource. The prospects of increasing human productivity lie in improving the productivity of the human mind. One way is by using technology to augment human thinking. Another is through research on cognitive processes, which has the potential of enhancing our own abilities to think and solve problems and to improve education and training.

The nation faces serious difficulties in adjusting to new information technologies in the work place and in finding productive ways to utilize new technologies to increase the productivity of our industrial and educational institutions.

Traditionally one thinks of automation in terms of job productivity and job availability. However, automation affects the role of the supervisor of complex equipment and systems. Examples are airline pilots, power plant control room operators, or intensive care nurses. These jobs can shift from boring (when everything is running smoothly under computer control) to overwhelming (during an emergency) in brief periods of time. Technology assists in performance, but it raises a new set of issues: should systems make their own decisions? Should they inform the operator of every action they take? Do these systems create or eliminate workload? Much of the basic research that will help answer these questions is in the areas of decision making, problem solving, perception and motor skills.

The cognitive science results are already being used in the design of new human machine systems, the development of training and education programs and the improvement of the working environment for many of our nation's work force.

We wish to commend the leadership of this Committee in science education.

The need to strengthen our nation's educational programs in mathematics, science and technology is broadly recognized. The March, 1986 National Science Board report on undergraduate science, math, and engineering education cites "serious deficiencies" that are harming this country's economy and security. In turn, this means that we need to improve our understanding of the process of problem solving, comprehension, learning, teaching and testing to guide the development of new educational resources, including the effective use of new computational technology in both instruction and testing.

It is clear that effective science education will result only from the efforts of both the science and education communities. We support interdisciplinary research efforts by behavioral and cognitive scientists, content area scientists and science educators. We have learned training in science is most effective when done in the context of the science being taught.

Recent information about the sources of difficulty in understanding mathematical, scientific and technical concepts provides a basis for development of educational materials and methods for reaching a broader group of students to increase the participation in mathematics and science courses by women and members of minority groups.

We know that you face difficult budget decisions in the days ahead, but we would caution you not to deplete the mine of knowledge needed to keep this nation strong. It would be short sighted to create a excess and additional deficit for the next generation by attempting to solve the budget deficit. Let us not leave our children a deficit in education and training, a deficit in scientists, a deficit in productive ways to use new technologies or curriculum for science education.

We recommend that you continue to support fundamental science research by funding NSF at the level of the Administration's fiscal year 1987 budget. This is the minimal amount necessary if the United States is to remain a world leader and innovator and to insure building on your previous investment.

We appreciate the Subcommittee's major role in the recovery of behavioral and social science funding at NSF. We continue to need your help. Please do not hesitate to call on the Foundation staff if we can be of further assistance during your deliberations.

[The statement of Cynthia H. Null follows:]

FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL AND COGNITIVE SCIENCES
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TESTIMONY OF

Cynthia H. Null, Ph.D.
Executive Director

Federation of Behavioral, Psychological and Cognitive Sciences

on the subject of

NATIONAL SCIENCE FOUNDATION APPROPRIATIONS
FISCAL YEAR 1987

before the

SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

The Honorable Edward P. Boland, Chairman

May 6, 1986

American Educational Research Association • American Psychological Association • Cognitive Science Society • Human Factors Society •
International Society for Developmental Psychobiology • National Academy of Neuropsychologists • Psychometric Society • Psychonomic Society •
Society for Computers in Psychology • Society for Mathematical Psychology • Society for Psychophysiological Research •
Society for Research in Child Development • Society of Multivariate Experimental Psychology

Mr. Chairman and members of the Subcommittee, I am Dr. Cynthia H. Null, Executive Director of the Federation of Behavioral, Psychological and Cognitive Sciences. The Federation, established in 1980, is a coalition of 13 scientific societies with combined memberships of over 90,000. The Federation's interests include research on behavioral, psychological and cognitive processes and their physiological bases and its application to education, health and human development. Thank you for the opportunity to comment on the FY87 appropriation for the National Science Foundation (NSF).

As scientists we are pleased with the Administration's active support of Federally funded basic research, as reflected in the proposed NSF FY87 budget. It is important to the nation to maintain a strong Federal role in basic research even as the Congress is making major steps to reduce the Federal deficit. In fact, consistent funding for NSF, whose sole mission is to support basic science, now is more important than ever.

Research results cannot be bought on a short time scale. Neglecting basic research this year means fewer gains in subsequent years. We will not be able to remedy this deficit by increasing research spending at that later time. Good research requires attracting good people to work on important problems, training new researchers, obtaining basic results and working out their applications. None of this can be done quickly; the investment in ideas, methods and applications must be made now. That is why it is important for the government to maintain and enhance, wherever possible, its support for basic research.

In this testimony we would like to call to the Subcommittee's attention the critical importance of research in the behavioral and cognitive sciences and science education.

Behavioral and Cognitive Sciences

The human mind is really our biggest economic resource. The prospects of increasing human productivity lie in improving the productivity of the human mind. One way is by using technology to augment human thinking. Another is through research on cognitive processes, which has the potential of enhancing our own abilities to think and solve problems and to improve education and training.

The nation faces serious difficulties in adjusting to new information technologies in the work place and in finding productive ways to utilize new technologies to increase the productivity of our industrial and educational institutions. Results of research in behavioral and cognitive sciences are already being used in the design of new human-machine systems, the development of programs of training and education and the improvement of the working environment for many in our nation's work force.

Traditionally one thinks of automation in terms of job productivity and job availability. However, automation affects the role of the supervisor of complex equipment and systems. Examples are airline pilots, power plant control room operators or intensive care nurses. These jobs can shift from boring (when everything is running smoothly under computer control) to overwhelming (during an emergency) in brief periods of time. Technology assists in performance, but it raises a new set of issues: Should systems make their own decisions? Should they inform the operator of every action they take? Do these systems create or eliminate workload? Much of the basic research that will help answer these questions is in the areas of decision making, problem solving, perception and motor skills.

Continued improvement in the use and development of technology requires solutions of fundamental scientific problems regarding the nature of human understanding, learning and motivation. We need to understand more about the cognitive skills and knowledge required for successful performance in technical domains. We need to study how people understand technological systems in order to assure an optional design for human use and comprehension. As we become increasingly dependent on electronic graphics for communication, scientific progress in understanding thought processes will contribute critically to the design of computer-based visual displays. Characterizations of the mental models that people use in reasoning provide a basis for better design of technical information systems and training in the use of technical systems.

In addition, recent basic research on visual perception and attention and spatial orientation is now changing, for example, our understanding of nighttime driving. These results have implications for driver education, night driving speeds, and headlight and highway lighting requirements.

How do people rapidly identify the meaning of a visual symbol? Perhaps more interesting, why is it that people who have large vocabularies are quicker at recognizing simple words? What sort of information retrieval system gets better as its data base increases? Substantial advances in our understanding of word recognition are made by exploring computational parallels of the process. An area of increasing importance is psychobiology, an area which links research in brain processes with our understanding of behavior. Fundamental insights into the biological basis of memory, for example, can be expected in the coming years.

Science Education

The need for strengthening our nation's educational programs in mathematics, science and technology is broadly recognized. The March 1986 National Science Board report on undergraduate science, math and engineering education cites "serious deficiencies" that are harming this country's economy and security. In turn, this means that we need to improve our understanding of the processes of problem solving, comprehension, learning, teaching and testing to guide the development of new educational resources, including the effective use of new computational technology in both instruction and testing.

It is clear that effective science education will result only from the efforts of both the science and education communities. We support interdisciplinary research efforts by behavioral and cognitive scientists, content area scientists and science educators.

Research on problem solving has provided significant new information about cognitive processes and knowledge--demonstrating the kinds of knowledge required for successful problem solving and providing explicit descriptions of knowledge relevant to selected domains in science and mathematics. For example, a predominant view underlying current curriculum design and teaching in science is that students' understanding of scientific concepts is shaped by their instruction. Much care is taken to avoid presenting incorrect principles or concepts. However, students begin their study with strongly held conceptions of phenomena that are explained by scientific principles. Even young children are curious about their world--how things work as well as their classification. When children do not receive much formal science education until high school or college, misconceptions of scientific concepts are allowed to develop. Research shows that their preconceptions are often inconsistent with the principles to be learned but persist even after considerable instruction. As a consequence, students may be able to use their formal knowledge to correctly solve textbook problems but still base their understanding of events of the world on their incorrect preconceptions when taught with commonly used methods.

Many of the research findings are important for educational practice. Recent information about the sources of difficulty in understanding mathematical, scientific and technical concepts provides a basis for development of educational materials and methods for reaching a broader group of students. Research to identify factors contributing to relatively low levels of participation in mathematics and science courses by women and members of minority groups is underway and is suggesting ways in which increased participation can be developed.

Research in cognitive science is not only changing our views of how people learn science and mathematics, it is also shaping a theory of learning in which content plays a central role. The approach implies that much of the research in teaching and learning in science will be done in the context of the science being taught.

As with any science, research relevant to education in mathematics, science and technology is cumulative. It requires continuing support if it is to sustain and expand its impact in education. Continued NSF support is therefore critical.

Conclusion

We know that you face difficult budget decisions in the days ahead, but we would caution you not to deplete the mine of knowledge needed to keep this nation strong. As the President recently said in his report to Congress on our international science activities, "National leaders and the general public see science and technology as a key to the solution of a wide variety of national and international problems...Our international science efforts underscore our commitment to maintaining the United States as a world leader in scientific and technological excellence for peaceful purposes and for the benefit of mankind."

We recommend that you continue to support fundamental science research by funding NSF at the level of the Administration's FY87 budget. This is the minimal amount necessary if the United States is to remain a world leader and innovator and to insure building on your previous investment.

We appreciate the Subcommittee's major role in the recovery of behavioral and social science funding at NSF. We continue to need your help. Please do not hesitate to call on the Federation staff if we can be of further assistance during your deliberations. Thank you again for the opportunity to share our views with you and this Subcommittee.

Mr. STOKES. Thank you. I notice on page three of your testimony you mention "Research to identify factors contributing to relatively low levels of participation in mathematics and science courses by women and member of minority groups is underway and is suggesting ways in which increased participation can be developed."

This has been a source of concern, particular concern of mine on this Subcommittee, because this Subcommittee has been responsive, too, in trying to see that minorities and women get a better opportunity to participate in the sciences and mathematics. I was wondering if you could expand upon that in your statement.

Ms. NULL. I would be glad to give you more in writing.

At this point, I can say there are certain kinds of things that happen in the classroom that discourage especially women from participating. There are cultural differences, family support kinds of things.

One of the other important areas that we see is the examples that are often used in science and math are geared toward particular kinds of interest, which a minority may not find interesting because of their cultural experience or a woman might not find interesting because it is not the kind of thing she is interested in. Some of the things can be changed by changing the concept.

A mathematics problem doesn't have to be around the development of—or have to do with speed or development of a fulcrum or something like that. It could have to do with something that they might be more interested in or more familiar with. Sometimes it is the content of the problems and not even the style of teaching. Sometimes it needs to be a style of teaching.

If you would like additional information, I would be glad to supply it.

Mr. STOKES. I would appreciate that.

Ms. NULL. I would be glad to.

Mr. STOKES. Thank you again for your presentation.

[The information follows:]

This statement is prepared by the Federation of Behavioral, Psychological and Cognitive Sciences. The Federation, established in 1980, is a coalition of 13 scientific societies with combined memberships of over 90,000. The Federation's interests include research on behavioral, psychological and cognitive processes and their physiological bases and its application to education, health and human development. We appreciate the request to present information on research identifying factors which contribute to the relatively low levels of participation in mathematics and science courses by women and members of minority groups--research which will, of course, suggest ways to increase participation. The Federation is also grateful for the opportunity to identify specific needs for further research in this area.

CONTRIBUTING FACTORS

In recent years, there has been considerable concern about the low rates of participation of women and minorities in mathematical, scientific and technical fields. Certainly their participation in higher education alone is significant. In 1981, women received 49.9% of all bachelor's degrees, 50.4% of all master's degrees and 31.2% of all Ph.D. level degrees. For minority groups, low rates of participation in higher education are still more significant in contributing to low rates of participation in scientific fields. In 1981, black Americans were only about half as well represented among recipients of bachelor's degrees as they are in the population as a whole.

For minority students, patterns of disadvantage in mathematics and science appear to originate at a very early age. Sex differences in mathematics achievement are negligible prior to the high school years. In order of frequency, the following factors have been mentioned as reasons for women's underrepresentation in science:

- perception of appropriate female roles,
- absence of role models,
- anticipated difficulty in combining a science career with a family,
- absence of encouragement from significant others,
- negative effects of counselors,
- discrimination in the science community,
- inadequate career information, and
- failure of women students to take math and science courses in high school.

Empirical research has not addressed many of these factors. It seems highly likely that these studies are applicable to minority populations also.

Research on the determinants of course participation has confirmed some preexisting ideas and disconfirmed others. Contrary to some usual beliefs, the extent to which a girl perceives mathematics to be sex-stereotyped and also her exposure to female role models seem to have little influence on enrollment decisions. Important determinants of participation in mathematics instruction include previous achievement in mathematics and the individual's perception of the importance of mathematical knowledge. Prior achievement and ability level are also significant determinants of science enrollment. Interest in mathematics and a dimension characterized as "interest in things vs. interest in people" are important in differentiating science from nonscience majors. As with mathematics, role models and perceived sex-stereotyping seem to be quite unimportant in determining participation in science education.

The individual decision to participate is shown to be influenced by the expected values and costs of participation and by the individual's expectation of success in pursuing the decision to participate. School policies such as course requirements, tracking and guidance practices, and admission policies may function as a final determinant that overwhelms the effect of all the complex influences determining the individual's intention or personal decision. Prior achievements and experienced difficulties are certainly important. Analyses of Project TALENT data permit us to conclude that prior achievement remains an important predicator of persistence in mathematics-related fields beyond the school and college years. Another important influence is the person's self-perceived ability to achieve in the area, which is likely to be influenced by past history.

Present values of the activity of participation includes intrinsic interest in or valuing of the activity itself--such as enjoying math and science courses for their own sake. It is possible that such intrinsic valuing might be culturally influenced. Social value and financial factors are certain to be quite important in explaining the patterns of participation of women and minority students in scientific and technical careers. Finally, the anticipated value of having participated in a particular course of study is of potential importance.

INCREASING PARTICIPATION

An important condition for instructing a larger proportion of students successfully is to increase our understanding of the causes of their difficulty in learning. Major progress on this has occurred in recent research, especially in the identification of mistaken preconceptions that interfere with students' understanding of scientific concepts and principles.

Research has shown that students' prior knowledge affects their learning of mathematics. After being taught procedures for solving problems involving proportions, children tend to solve those problems using whole number operations that the children generalized from their earlier instructions rather than using the procedures they had just been taught for computations with proportions. Research investigations are being conducted to explore new teaching methods that take the students' prior conceptions and knowledge into account.

The capability of educators to provide effective education in mathematics, science and technology to an increased proportion of students will be enhanced by increased understanding of processes of learning. Important results of work in this area include analyses of how text information is transformed into cognitive procedures and how procedural knowledge in one domain transfers into new domains. Further results emphasize how difficult it is for learners to learn the conditions in which it is appropriate to apply the particular procedures or knowledge they have acquired. This reinforces the conclusion that problem solving instruction could be made more effective if increased efforts were made to train students in the applicability conditions of procedures, rather than giving almost complete attention to the procedures themselves.

RESEARCH NEEDS

- Simple factual information about some aspects of participation is still needed. In particular, information about the math and science participation of the members of various minority groups is needed.

- There is a great need for research into the mathematical and scientific concepts and skills that are actually needed in a variety of life roles--whether as a common citizen, a business person, or as a scientific and technical professional. Students, teachers and the general public have little knowledge of this and the perceived need for mathematical and especially scientific education is presumably reduced by that lack of knowledge.

- The possibility that the examples in science textbooks are biased toward majority male interests should be carefully explored, as should effects of television programs such as "3-2-1 Contact" and other popular science media exposure upon science interest.

- The significance of achievement levels in mathematics and science at each level of education for eventual career success in science needs to be explored.

- Research is needed to determine how much of the large effect of prior achievement is due to the intrinsic difficulty of continuing after poor mastery of prior work and how much is due to the selection, tracking and counseling practices of schools.

- Many interventions combine many elements--academic enrichment, "hands-on" manipulations and vocational information. It is imperative to determine the relative and/or combined effectiveness of these and other components. It is also necessary to determine whether there are differences in effectiveness for various individuals, subgroups, such as women and minorities, and whether these differences may be specific to certain ages, fields or background characteristics of the learner.

- Sophisticated evaluation of intervention programs designed to increase science participation is needed. Despite research that suggests the importance of achievement on participation decisions, many intervention programs have focused on the presentation of role models.

- Despite the great increase in girls' enrollment in advanced high school mathematics, there is still great variation from school to school in the level of girls' participation. Research is needed to determine what characteristics of schools seem to promote high levels of math and science participation for girls, minority students and all students, other than obvious factors such as high ability levels of incoming students or the high socioeconomic status of the community.

- Research focused on the curriculum and career decisions of high ability students who have the potential to enter science careers is needed.

- Methodologically sophisticated measurement of the importance of factors other than achievement such as interest, liking, confidence and perceived utility is needed, especially for special populations. There is a need to determine the common and independent effects of these factors and prior achievement or ability.

- The processes of early interest development, in general, as well as scientific interests need exploration. Interest patterns seem to be a major determinant of participation in science, but little is known about their origin and development. It is possible that interest depends upon appropriate prior knowledge and experience. For example, females seem to have much less informal science-related experience with toys and hobbies in childhood.

The Federation appreciates the opportunity to submit these comments. Please do not hesitate to call on our staff if we can be of further assistance.

ENVIRONMENTAL PROTECTION AGENCY

HOUSING AND URBAN DEVELOPMENT

WITNESS

HON. JAMES L. OBERSTAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. STOKES. Next we would like to call as a witness our colleague, Mr. Jim Oberstar, from the great State of Minnesota.

Mr. OBERSTAR. Is it still frozen in the State of Minnesota. Let's hope by next weekend when fishing season opens up we won't need an ice breaker.

Mr. BOLAND. Please feel free to proceed as you like.

Mr. OBERSTAR. Thank you, Mr. Chairman.

I have some key points I would like to summarize. You have my complete statement.

Mr. STOKES. Your complete statement will be made part of the record.

Mr. OBERSTAR. I am here to appeal for the Committee's support on three items: nonpoint source pollution programs by the EPA, acid rain research by EPA, and district heating and cooling funding through HUD.

This Committee took the lead some years ago in urging EPA to focus more of its energy and effort on alternatives to the very costly sewage treatment plant systems where alternatives make economic sense. Committee language directed EPA to undertake such work. Nonpoint source programs are that kind of alternative to high-priced sewage treatment plant construction and advanced waste treatment facilities. Every year, Mr. Chairman, we lose nearly 6.5 million tons of top soil, and along with it fertilizer, the pesticides, the soil amendments, and treatment. In addition to losing that top soil, there is an effect upon aquatic life in lakes and streams; there is an effect upon navigation channels; increased cost of drudging for the Corps of Engineers—the total annual cost is something in the neighborhood of $3 billion.

This is an area of particular interest to me because I have made nonpoint source pollution control, which is really the next frontier of our sewage treatment and waste treatment program, a special interest of mine over the last seven or eight years, in response to the amendments that expanded, increased and strengthened this program. The particular language I am referring to is in conference now between the House and Senate. We expect that bill to be reported back to both the House and Senate in early summer. At least that is our optimistic hope. And we have $150 million authorization not for studies, but for implementation of nonpoint source control programs.

This Committee has for almost ten years funded plans and programs to control nonpoint source. States and regional entities, multicounty groups have developed those plans. We don't need to study the program any longer, we need to move to the implementation stage, $150 million on a cost sharing basis with states will provide that means of going the next step and actually doing the work that is necessary, cost sharing programs with farmers and so on, to control runoff. If we don't, we are not only going to lose valuable top soil, we are going to continue the pollution of waters, creating problems for lakes and streams.

Who knows? The Chiahoga might even start catching on fire again.

Mr. STOKES. Let's hope not. We have been through that.

Mr. OBERSTAR. You controlled it, and we don't want to retreat to that terrible state.

The second major issue predominant to overall national concern is acid rain research. The enviromental quality laboratory in Duluth, on the shore of Lake Superior, has been the focal point of acid rain research. It was the first scientific entity in the Federal establishment to document the effects—not only the principles, but the effects of acid rain upon the pristine of the boundary waters in the wilderness area, an area between the United States and Canada, where still today you can paddle a canoe, dip your can in and drink water fresh out of the lake or stream.

But now those waters are being acidified by increasing buildup during winter months and now increasingly during the summer. The EPA plans some $60 million in research of acid rain. This is a project of particular significance to the lab in Duluth which will be done as the subcontractor to Holcomb Research Institute.

I must say, very frankly, this Committee has been very supportive of the work of the Duluth Lab. It is through your intervention that the work was completed, and the paper was published. EPA has not only dragged its feet, but has been inamicable toward the Duluth Lab for reasons I don't understand. But that laboratory has done extraordinarily fine research.

I have visited with the scientists there many times; most recently about six weeks ago. This project is important because it will demonstrate the consequences to lakes and sometimes of watershed runoff, where you have a buildup of acid deposition in watersheds and now rainfall is washing that acid out of the watershed and into lakes and streams.

What are the additional consequences, particularly in lakes that have little acid buffering capability, such as the boundary water lakes? The worst scenario is that of the buildup of acid in the soil because acid then releases elements such as iron that are dangerous to trees, that cause destruction from the roots up, and this element of the research program is, we think, crucially important in the scientific inquiry into acid rain.

Since this Administration is keen on doing research only and not action programs, I think we should do the best we can. At a time when oil prices are coming down, you might ask why do you want to look at alternative energy systems? I think this is the time to do that. OPEC is giving us well-needed but certainly from their standpoint unintentional respite from high prices.

And district heating systems, cogeneration—using waste steam to provide heating and controlling, is a sensible use and stretching of our energy resources. HUD has provided funding for feasibility studies, some 30 cities nationwide have participated. $75,000 is a far cry from what we should have, but it will provide perhaps seven to ten cities with what are needed in way of studies, plans and programs to go ahead and implement district heating and cooling programs.

Thank you, Mr. Chairman.

[The statement of James L. Oberstar follows:]

STATEMENT OF HON. JAMES L. OBERSTAR
TO THE SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
May 6, 1986

Mr. Chairman, and Members of this distinguished Committee, I'm pleased to be here today to speak on behalf of several areas of interest to my District and to the nation:

- $150 million for control of nonpoint sources of water pollution, to be authorized in the Clean Water Act Amendments;
- $183,284 for continuation of acid rain research in the Upper Midwest;
- $75,000 for District Heating and Cooling under HUD's Technical Assistance Program.

CONTROL OF NONPOINT SOURCES OF WATER POLLUTION

Mr. Chairman, in 1983 I began work on, and ultimately introduced, the Nonpoint Source Control Act, which in this and the 98th Congresses has been incorporated in the Water Quality Improvement Act. It is now Section 7 of H.R. 8, now in conference with the Senate.

In crafting that language, I worked closely with, and had the support of, groups such as the National Wildlife Federation, National Audubon Society, Sierra Club, the American Paper Institute, National Association of Regional Councils, National Association of Conservation Districts, American Farm Bureau Federation, North American Lake Management Society, National Association of Home Builders, the Land Improvement Contractors Association, and many others.

House and Senate nonpoint provisions are very similar, and I am extremely confident that we will be able to reach a compromise, and enact a nonpoint source control program this year, as part of the overall amendments to the Clean Water Act.

My bill authorizes $150 million a year to assist states in implementing nonpoint source control programs. The bill requires states to design and implement 4-year programs, and to report annually to EPA on their progress in meeting self-imposed deadlines. EPA is to report annually to Congress, so we will be able to keep close tabs on how the funds are being spent.

I want to assure you, Mr. Chairman, that this is an implementation program, not a planning program. There is not a cent of planning money in the bill. The funds could be used for education, training, technology transfer, enforcement if the state so chooses, demonstration programs and, on a very limited basis, cost-sharing with farmers. The bill provides for a 50% Federal match.

I do not pretend that this is sufficient funding to address the problem, but I believe it is the very minimum with which we can encourage states to participate in this program. I point out that this is a voluntary program; the only incentive is the Federal match. We do not have EPA coming in and implementing a program if the state refuses, nor would the bill cut off other program funds. We therefore need adequate resources as an incentive to participation.

In comparison to the costs exacted by nonpoint sources, the funds authorized in this bill are miniscule. The highly respected Conservation Foundation pegs the cost of nonpoint source pollution at around $3 billion per year. The Foundation estimates tha 6.4 billion tons of soil were washed away, in the U.S., beyond naturally caused erosion, in 1977 alone. In addition to lost soil, nonpoint sources result in $100 million per year for increased water treatment costs; $70 million for damages to inland commercial fisheries, and $120 million in damages to recreational opportunities. The Corps of Engineers has requested $1.4 billion this year for its Operations and Maintenance account, much of which will be spent on dredging harbors and navigation channels filled in by sediment. Sediment also fills up water supply and flood control reservoirs.

Nonpoint sources contribute far more than sediment to our water bodies: they include pesticides, fertilizers, herbicides and animal wastes from agriculture; pesticides and fertilizers from forestry activities; strong acids and toxics from mining sites and abandond mines; and an assortment of toxic and nontoxic pollutants from city streets and suburban lawns. Toxic pollutants are taken up in the food chain, ultimately reaching the American dinner table. Animal wastes can destroy oxygen in streams and lakes, and nutrients can turn clear lakes into a morass of algae.

Mr. Chairman, if memory serves, you yourself recognized the additional costs that nonpoint pollution can inflict on POTWs when, back in the late 1970's, you required the EPA Administrator personally to review all applications for AWT plants, and to determine whether there were less costly ways to solve the water pollution problem.

My Nonpoint Source Control Program is one of those ways.

A full, nationwide program to control nonpoint sources of pollution, which in many areas are equally or more severe a threat to water quality as municipal and industrial point sources, is badly needed, and extremely timely. The $150 million I request for the program, once the Clean Water Act has been reauthorized, will be returned to the nation many times in terms of reduced costs to other programs, and in benefits to the environment and human health.

ACID RAIN RESEARCH

In 1978, researchers at the University of Wisconsin and the Environmental Protection Agency's Environmental Research Laboratory in Duluth began a series of studies designed to evaluate lake chemistry and its relationship to atmospheric chemical inputs in the soft-water regions of the Upper Midwest. Plans were developed to sample up to

1,000 lake sites in the poorly buffered regions of northeastern Minnesota, northern Wisconsin, and northern Michigan. By 1983, five other institutions in the region were involved, and more than 1,000 lakes and streams had been sampled. Up to 70 watershed properties also had been quantified on over 600 watersheds in the three states. Approximately 45 reports and papers have focused on various aspects of the existing water chemistry and its relationship to recent properties of the watersheds and to atmospheric deposition in the three states.

Most of this research has been sponsored by EPA as part of its need to establish the extent of the acid deposition effects problem.

At this Committee's insistance in previous years, EPA completed the data compilation, interpretation, and much data publication. To date, the bibliography of publications stemming from the research includes 52 published articles, one in press, 4 in review, and 8 in preparation -- a total of 65 papers. Those not already published will be completed without EPA support.

The Holcomb Research Institute at Butler University in Indianapolis has recently submitted a proposal to EPA for $183,284 to continue and build on this research, entitled "Changes in Watershed Characteristics over Time and Their Influence on Lake Chemistry." The new work would use the data already gathered to determine the precise mechanisms which produce and influence lake acidity. Further, it would develop a means to model the impacts of airborne and waterborne nonpoint sources of pollution on aquatic systems.

As I stated above, it is largely because of this Committee that the earlier data were able to be published and widely disseminated. I urge you to continue this support, and to provide the funds for the Holcomb Research Institute proposal, which would continue building on the research base developed earlier, providing invaluable additional information on the impacts of acid deposition on the ecosystems of the Midwest.

While I would support any further research on acid rain in the Midwest, I particularly support this one because the University of Minnesota at Duluth, in my District, would be a subcontractor, as it has been with the past work. The ability of UMD to continue to conduct high-quality research is important not only to the University, but to the community as a whole. Duluth has lost most of its heavy industry and is trying to rebuild its economic base around a considerable scientific community which includes the University of Minnesota at Duluth, St. Scholastica College, and the EPA Environmental Research Laboratory.

Further, it is totally fitting and appropriate that acid deposition research be funded and conducted by institutions in the affected area. The Holcomb Research Institute proposal would continue a very fruitful collaboration, add substantially to the body of knowledge on acid deposition, and continue Duluth's participation in a national scientific endeavor to which it has already made major contributions.

DISTRICT HEATING AND COOLING

Mr. Chairman, I commend the Subcommittee for its past support of the nation's district heating and cooling systems, and urge your continued support for this viable energy alternative.

Today our headlines are full of stories about the low cost of oil, which is making it cheaper for us to heat our homes and drive our cars. We are reveling in the low cost of oil as if a new chapter had been written in our nation's energy policy. But there is no new chapter. Rather, we have returned to a previous one -- the one in which OPEC takes control of the US energy market. Just as OPEC sent oil prices skyrocketing in 1979, it has sent them tumbling in 1986. And don't think for a single minute that the price of oil is going to stabilize at, or even near, current market prices. As soon as OPEC is ready, the price of oil will be hiked up and we will again be at the mercy of this foreign oil cartel.

But we don't have to be, and that is what district heating and cooling is all about. District heating employes a wide variety of non-scarce fuel options, including garbage and coal, which can replace oil and gas burners in residences, commercial buildings and industrial facilities. As more and more US cities learn about the efficiency and practicability of installing a district heating system, the need for seed money will remain high.

Under Secretary Pierce, HUD has assisted over 30 cities in developing district heating and cooling systems. In Fiscal Year 1985, over three times that number of cities applied for Phase One funding, which is limited to public housing projects. In that year seven cities shared $300,000 to complete feasibility studies and research projects. In Fiscal Year 1986, the HUD program was scaled back to $75,000, but it has remained an active and productive program.

This Subcommittee has played an integral role in supporting the HUD program and that support will be critical as we seek to implement these programs despite an Administration confirmed in the belief that the nation's need to seek alternative energy systems has passed.

District heating and cooling is important both to our nation's cities and to HUD. I urge that this program be funded for Fiscal Year 1987, at a level comparable to Fiscal Year 1986.

Mr. Chairman, I know you will face many requests, and many difficult decisions, in the days ahead. I am deeply grateful for your attention to my requests, and urge you and the Subcommittee to give them your full consideration during your deliberations.

Mr. STOKES. Thank you very much, Mr. Oberstar, for an excellent statement.

Mr. Green, any questions?

Mr. GREEN. On the question of acid rain research, as you indicated, this Committee has been supportive of that, and I certainly have been personally. On the other hand, when I look at what we are doing, it seems rather constructive, and then I look at someone coming up with a $5 billion number.

Do you really think there is $5 billion worth of research to be done at this point, and if so, what would you spend it on? What numbers did you have in mind?

Mr. OBERSTAR. Very candidly, I believe that figure is outrageous.

Mr. GREEN. You share my view.

Mr. OBERSTAR. It is an outrage to suggest that we can do $5 billion worth of research. In fact, if you sit with the scientists who are involved in doing the work themselves, they will tell you very honestly that the work being done now is merely a rehash and revisitation of earlier studies already done.

In fact, scientists are by EPA being prohibited from doing new ground breaking type of scientific studies. They will all say, however, that while it is interesting, useful, to proceed with further scientific studies and some that are in fact necessary, we know all we need to know now to begin with implementation of acid rain control.

Mr. GREEN. Thank you very much.

Mr. STOKES. That is a question that is on my mind, one I was going to pose. As you stated, the Administration has pretty much settled in on research in this area, and continued study, and my question was whether or not you really felt that in some areas there has been sufficient study to actually begin implementation and effective action.

Mr. OBERSTAR. The two most crucial elements are deposition and long-term—long distance transport of acid substances in the upper atmosphere. Both have been documented by U.S. and Canadian scientists. We know pretty much where it comes from, how it moves. We know it is deposited on both forests and, of course, urban areas, but farm areas as well. And we know what the consequences are.

Scientists have already demonstrated the degradation of fish forms, the acid in the water. Right at this time of the year in Minnesota, deformed by weakening the outer layer of the fish egg as the embryo is forming, it either is deformed or doesn't form at all. And it is clearly a consequence of increased soil—I mean increased acid acidity. We don't need further scientific analyses.

We are today, with the acid rain program, where we were in 1960 with the water program. Scientists were studying or looking at vials of dirty water from lakes and streams and saying it is polluted, there is increased level of nitrogen and phosphate and it is having these effects. We knew all we needed to know to go ahead, but in that year President Eisenhower vetoed a bill Congress passed to increase funding for sewage treatment plant construction from $50 million to $100 million a year, saying it was a local problem and should be resolved at the community level.

Mr. STOKES. Thank you very much. We appreciate your testimony.

Mr. OBERSTAR. Thank you.

NATIONAL SCIENCE FOUNDATION

WITNESS

PAUL F. WELLER, PRESIDENT, FRAMINGHAM STATE COLLEGE, REPRESENTING THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

Mr. Stokes. Our next witness will be Mr. Paul F. Weller. Mr. Weller, we are pleased to have you as a witness. Please feel to proceed as you like.

Mr. Weller. Thank you very much. It is an absolute delight to be here, a pleasure to appear before you, and we thank you for everything you have done and are doing. It is a special pleasure for me to represent our organization today.

My name is Paul Weller, and I am the President of Framingham State College in Massachusetts, a position I have held for the past year. Prior to my current position, I served as Provost and Academic Vice President and a Professor of Chemistry at California Polytechnic University at Pomona.

I am pleased to have the opportunity to appear before this Subcommittee today to testify in support of the fiscal year 1987 National Science Foundation appropriations, with particular emphasis to the educational aspects of the Foundation's mission.

I present this testimony on behalf of the 370 member institutions of the American Association of State Colleges and Universities (AASCU), as a member of the Associations' Committee on Science and Technology. AASCU institutions are comprehensive, public colleges and universities. Many were founded as teacher training institutions and while these institutions have expanded to serve the educational needs of their states, they continue to serve as the primary educators of our nation's teachers.

Our traditionally lower tuition rates allow AASCU institutions to attract a highly diverse student population that includes a substantial number of women, minorities, nontraditional, and first-generation college students. AASCU members currently award more than 31 percent of the nation's baccalaureate degrees and 27 percent of the master's degrees.

The fiscal year 1987 budget request reflects NSF's commitment to building the Foundation to protect our nation's future economic competitiveness. AASCU believes that an essential element of this Foundation is the education of an ample, well qualified, supply of science and engineering personnel both for our technologically based business and industries as well as for our math and science classrooms.

In an effort to bridge the gap in the pipeline of support between pre-college and graduate activities, AASCU urges your support of the National Science Foundation's request to augment its current undergraduate research and education activities with an additional $13 million in fiscal year 1987.

The undergraduate years are a critical time in the education of future scientists, engineers and teachers. It is at this period in their life that students master basic scientific concepts in sequential study and make career decisions.

Undergraduate institutions are also important as they have traditionally granted a large number of baccalaureates in engineering and the sciences, as well as served as the primary feeder for graduate programs in these fields.

The proposed $13 million increase is targeted in areas of critical need that will improve the educational environment for undergraduates and encourage students to choose careers in engineering, the sciences or teaching.

These critical areas include: additional instructional instrumentation for undergraduate laboratories and classrooms; opportunities for undergraduate participation in research projects; and opportunities for undergraduate faculty development.

While not as clearly documented, the need for instructional equipment is comparable to that of research instrumentation. The need for instructional equipment was cited as the primary need of undergraduate institutions in a recent report by the National Higher Education Associations' (NHEA) Task Force on Undergraduate Science Education.

The proposed increase in the college science instrumentation program is only a small contribution towards a solution of the overall instructional instrumentation problem. Yet it is our hope that this is the beginning of a program to support instructional instrumentation such as recommended in the recently passed National Science Board report on the role of the National Science Foundation in supporting undergraduate science, math and engineering education.

AASCU also encourages the Committee's support of the proposed increases for expanded opportunities for undergraduate participation in research. Undergraduate involvement on research projects serves not only as an educational experience for students, but as a mechanism for developing student interest in research and graduate careers in the sciences. Efforts to increase program activities for undergraduate faculty development should also be supported to ensure excellence in undergraduate science, math and engineering instruction as presented by faculty who are current in their fields.

Pre-college math and science teachers should also be current in their fields, as well as in their methods of delivery. Such instruction is made possible by the development of materials and methods for teacher preparation, the development of instructional materials, the application of advanced technologies in teaching, and the supply of current research on teaching and learning. All of these essential elements are now provided by the Science and Engineering Education Directorate at NSF.

Mr. Chairman, I would like to commend this Committee for its careful attention to the need for qualified math and science educators and supporting materials at the pre-college level and AASCU calls for your continued support, even if only at fiscal year 1986 levels, for the Science and Engineering Education Directorate at NSF.

As in the past, the AASCU membership stands ready to work with this Committee and with the National Science Foundation in developing a national strategy to rebuild our human capital resources to support basic science and research, and we believe that the proposed enhancement of undergraduate activities at NSF is an essential element of that strategy.

Thank you for allowing me to come before you today. I will be happy to answer any questions that you may have.

Mr. **Stokes**. Thank you for your presentation.

Mr. **Green**. I have no questions.

Mr. **Stokes**. Thank you very much. We appreciate your appearance.

[The statement of Paul F. Weller follows:]

STATEMENT BY

PAUL F. WELLER

PRESIDENT

FRAMINGHAM STATE COLLEGE
FRAMINGHAM, MA

ON

THE FY87 NATIONAL SCIENCE FOUNDATION
BUDGET APPROPRIATIONS

BEFORE THE

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES

UNITED STATES HOUSE OF REPRESENTATIVES

MAY 6, 1986

GOOD MORNING

MY NAME IS PAUL WELLER AND I AM THE PRESIDENT FRAMINGHAM STATE COLLEGE IN MASSACHUSETTES, A POSITION I HAVE HELD FOR THE PAST YEAR. PRIOR TO MY CURRENT POSITION, I SERVED AS PROVOST AND ACADEMIC VICE PRESIDENT AND A PROFESSOR OF CHEMISTRY AT CALIFORNIA POLYTECHNIC UNIVERSITY AT POMONA.

I AM PLEASE TO HAVE THE OPPORTUNITY TO APPEAR BEFORE THIS SUBCOMMITTEE TODAY TO TESTIFY IN SUPPORT OF THE FY87 NATIONAL SCIENCE FOUNDATION APPROPRIATIONS, WITH PARTICULAR EMPHASIS TO THE EDUCATIONAL ASPECTS OF THE FOUNDATION'S MISSION.

I PRESENT THIS TESTIMONY ON BEHALF OF THE 370 MEMBER INSTITUTIONS OF THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES (AASCU) AS A MEMBER OF THE ASSOCATIONS' COMMITTEE ON SCIENCE AND TECHNOLOGY. AASCU INSTITUTIONS ARE COMPREHENSIVE, PUBLIC COLLEGES AND UNIVERSITIES. MANY WERE FOUNDED AS TEACHER TRAINING INSTITUTIONS AND WHILE THESE INSTITUTIONS HAVE EXPANDED TO SERVE THE EDUCATIONAL NEEDS OF THEIR STATES, THEY CONTINUE TO SERVE AS THE PRIMARY EDUCATORS OF OUR NATION'S TEACHERS.

OUR TRADITIONALLY LOWER TUITION RATES ALLOW AASCU INSTITUTIONS TO ATTRACT A HIGHLY DIVERSE STUDENT POPULATION THAT INCLUDES A SUBSTANTIAL NUMBER OF WOMEN, MINORITIES, NON-TRADITIONAL, AND FIRST-GENERATION COLLEGE STUDENTS. AASCU MEMBERS CURRENTLY AWARD MORE THAN 31 PERCENT OF THE NATION'S BACCALAUREATE DEGREES AND 27 PERCENT OF THE MASTER'S DEGREES.

THE FY87 BUDGET REQUEST REFLECTS NSF'S COMMITMENT TO BUILDING THE FOUNDATION TO PROTECT OUR NATION'S FUTURE ECONOMIC COMPETITIVENESS. AASCU BELIEVES THAT AN ESSENTIAL ELEMENT OF THIS FOUNDATION IS THE EDUCATION OF AN AMPLE, WELL QUALIFIED, SUPPLY OF SCIENCE AND ENGINEERING PERSONNEL BOTH FOR OUR TECHNOLOGICALLY BASED BUSINESS AND INDUSTRIES AS WELL AS FOR OUR MATH AND SCIENCE CLASSROOMS.

IN AN EFFORT TO BRIDGE THE GAP IN THE PIPELINE OF SUPPORT BETWEEN PRE-COLLEGE AND GRADUATE ACTIVITES, AASCU URGES YOUR SUPPORT OF THE NATIONAL SCIENCE FOUNDATION'S REQUEST TO AUGMENT ITS CURRENT UNDERGRADUATE RESEARCH AND EDUCATION ACTIVITIES WITH AN ADDITIONAL $13 MILLION IN FY87.

THE UNDERGRADUATE YEARS ARE A CRITICAL TIME IN THE EDUCATION OF FUTURE SCIENTISTS, ENGINEERS, AND TEACHERS. IT IS AT THIS PERIOD IN THEIR LIFE THAT STUDENTS MASTER BASIC SCIENTIFIC CONCEPTS IN SEQUENTIAL STUDY AND MAKE CAREER DECISIONS.

UNDERGRADUATE INSTITUTIONS ARE ALSO IMPORTANT AS THEY HAVE TRADITIONALLY GRANTED A LARGE NUMBER OF BACCALAUREATES IN ENGINEERING AND THE SCIENCES, AS WELL AS SERVED AS THE PRIMARY FEEDER FOR GRADUATE PROGRAMS IN THESE FIELDS.

THE PROPOSED $13 MILLION INCREASE IS TARGETED IN AREAS OF CRITICAL NEED THAT WILL IMPROVE THE EDUCATIONAL ENVIRONMENT FOR UNDERGRADUATES AND ENCOURAGE STUDENTS TO CHOOSE CAREERS IN ENGINEERING, THE SCIENCES, OR TEACHING.

THESE CRITICAL AREAS INCLUDE:

- ADDITIONAL INSTRUCTIONAL INSTRUMENTATION FOR UNDERGRADUATE LABORATORIES AND CLASSROOMS;
- OPPORTUNITIES FOR UNDERGRADUATE PARTICIPATION IN RESEARCH PROJECTS; AND
- OPPORTUNITIES FOR UNDERGRADUATE FACULTY DEVELOPMENT.

WHILE NOT AS CLEARLY DOCUMENTED, THE NEED FOR INSTRUCTIONAL EQUIPMENT IS COMPARABLE TO THAT OF RESEARCH INSTRUMENTATION. THE NEED FOR INSTRUCTIONAL EQUIPMENT WAS SIGHTED AS THE PRIMARY NEED OF UNDERGRADUATE INSTITUTIONS IN A RECENT REPORT BY THE NATIONAL HIGHER EDUCATION ASSOCIATIONS'(NHEA) TASK FORCE ON UNDERGRADUATE SCIENCE EDUCATION.

THE PROPOSED INCREASE IN THE COLLEGE SCIENCE INSTRUMENTATION PROGRAM IS ONLY A SMALL CONTRIBUTION TOWARDS A SOLUTION OF THE OVERALL INSTRUCTIONAL INSTRUMENTATION PROBLEM. YET IT IS OUR HOPE THAT THIS IS THE BEGINNING OF A PROGRAM TO SUPPORT INSTRUCTIONAL INSTRUMENTATION SUCH AS RECOMMENDED IN THE RECENTLY PASSED NATIONAL SCIENCE BOARD REPORT ON THE ROLE OF THE NATIONAL SCIENCE FOUNDATION IN SUPPORTING UNDERGRADUATE SCIENCE, MATH AND ENGINEERING EDUCATION.

AASCU ALSO ENCOURAGES THE COMMITTEE'S SUPPORT OF THE PROPOSED INCREASES FOR EXPANDED OPPORTUNITIES FOR UNDERGRADUATE PARTICIPATION IN RESEARCH. UNDERGRADUATE INVOLVEMENT ON RESEARCH PROJECTS SERVES NOT ONLY AS AN EDUCATIONAL EXPERIENCE FOR STUDENTS, BUT AS A MECHANISM FOR DEVELOPING STUDENT INTEREST IN RESEARCH AND GRADUATE CAREERS IN THE SCIENCES.

EFFORTS TO INCREASE PROGRAM ACTIVITIES FOR UNDERGRADUATE FACULTY DEVELOPMENT SHOULD ALSO BE SUPPORTED TO ENSURE EXCELLENCE IN UNDERGRADUATE SCIENCE, MATH, AND ENGINEERING INSTRUCTION AS PRESENTED BY FACULTY WHO ARE CURRENT IN THEIR FIELDS.

PRE-COLLEGE MATH AND SCIENCE TEACHERS SHOULD ALSO CURRENT IN THEIR FIELDS AS WELL AS IN THEIR METHODS OF DELIVERY. SUCH INSTRUCTION IS MADE POSSIBLE BY THE DEVELOPMENT OF MATERIALS AND METHODS FOR TEACHER PREPARATION, THE DEVELOPMENT OF INSTRUCTIONAL MATERIALS, THE APPLICATION OF ADVANCED TECHNOLOGIES IN TEACHING, AND THE SUPPLY OF CURRENT RESEARCH ON TEACHING AND LEARNING. ALL OF THESE ESSENTIAL ELEMENTS ARE NOW PROVIDED BY THE SCIENCE AND ENGINEERING EDUCATION DIRECTORATE AT NSF.

MR. CHAIRMAN, I WOULD LIKE TO COMMEND THIS COMMITTEE FOR ITS CAREFUL ATTENTION TO THE NEED FOR QUAILIFIED MATH AND SCIENCE EDUCATORS AND SUPPORTING MATERIALS AT THE PRE-COLLEGE LEVEL AND AASCU CALLS FOR YOUR CONTINUED SUPPORT, EVEN IF ONLY AT FY86 LEVELS, FOR THE SCIENCE AND ENGINEERING EDUCATION DIRECTORATE AT NSF.

AS IN THE PAST, THE AASCU MEMBERSHIP STANDS READY TO WORK WITH THIS COMMITTEE AND WITH THE NATIONAL SCIENCE FOUNDATION IN DEVELOPING A NATIONAL STRATEGY TO REBUILD OUR HUMAN CAPITAL RESOURCES TO SUPPORT BASIC SCIENCE AND RESEARCH AND WE BELIEVE THAT THE PROPOSED ENHANCEMENT OF UNDERGRADUATE ACTIVITIES AT NSF IS AN ESSENTIAL ELEMENT OF THAT STRATEGY.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

HOUSING AND URBAN DEVELOPMENT

WITNESS

RAYMOND P. MURPHY, JR., EXECUTIVE DIRECTOR, HOLYOKE HOUSING AUTHORITY, HOLYOKE, MASSACHUSETTS, REPRESENTING THE NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Mr. Stokes. Our next witness will be Mr. Raymond P. Murphy, Jr. Mr. Murphy, we are pleased to have you here. You may proceed in any way you would like.

Mr. Murphy. It is a pleasure to be here from Massachusetts. Mr. Chairman and Members of the Subcommittee, I am Raymond P. Murphy, Jr., Executive Director of the Holyoke, Massachusetts, Housing Authority, and Senior Vice President of the New England Regional Council of NAHRO.

I come before you today, when you as Members of the Congress are faced with a difficult task. You are expected to make choices among programs and determine funding levels which will both permit programs to go forward but will not result in the staggering budget deficits we have seen over the past few years. I do not envy your job.

We feel very strongly that the need, our track record in satisfying the need, and the disproportionate cuts our programs have taken over the last five years clearly justify funding at the levels we are requesting.

The 1937 Housing Act was both an admission that state and local governments could not alone solve the housing crisis of this country and a commitment by the Federal Government to participate in that effort. The magnitude of the problem and the competing forces for local and state dollars preclude state and local governments from providing sufficient resources to successfully overcome the problem of deteriorated neighborhoods and under-housed and ill-housed people of low income. The Holyoke Housing Authority has applied for $12 million annually to modernize 829 apartments built as far back as 1939. Because of inadequate funding, the authority has received only an average of $700,000 per year over the last five years, which provides primarily for emergency modernization. This is typical throughout the country.

We have assembled some information on communities that Members of this Subcommittee represent. The information received from these communities is very typical of the information that has been gathered across the country. An analysis of this information confirms the premise that the Federal Government must continue to participate in partnership with local and state governments to provide the resources and programs to effectively deal with the problems of housing and community development.

We call upon you, the Congress, to remind the Administration of the national commitment which must be maintained to help localities deal with the increasing problems of housing and community development. Just looking at the comparison of total new budget authority for HUD is indicative of this Administration's abandonment of this nation's commitment to our communities. New budget authority in 1981 was $33.35 billion. The Administration is requesting only $5.535 billion for fiscal year 1987. This represents an 83 percent reduction in funding of these critical programs.

The Congress has not supported the Administration in all of its program cuts and program terminations. For this we are grateful. We are particularly appreciative of the efforts of this Subcommittee to preserve funding for these critical programs and to reject the direction being charted by the President.

We suggest that the time has come for the Congress to seriously consider enacting measures to increase revenues for deficit reduction rather than placing the burden on the shoulders of the successful HUD programs and the poor.

The Administration maintains that the preservation of the existing public housing stock is the highest priority in public housing, yet they propose a budget which provides for emergency modernization only. They acknowledge the success of the UDAG program (Assistant Secretary Moran before this Committee, April 21, 1986), yet they propose to eliminate the program. They denounce new production programs in the name of preservation of the existing stock, yet they seek to eliminate the Rental Rehab program and the Mod Rehab program. I urge you to pierce the veil of deception and flatly reject the Administration's agenda to disengage the Federal Government from these programs.

NAHRO recognizes the need to reduce the deficit, but our overriding concern is the plight of our cities and the poor who live in those cities. Consequently, we strongly urge this Committee to appropriate funds for the HUD programs at the fiscal year 1986 post-Gramm-Rudman levels. This level is clearly inadequate to meet the need; however, it is the most we feel we can reasonably ask in view of the current deficit situation.

The CDBG program needs no defense. Its success is self-evident. Two points, however, need to be made concerning this program. First, HUD data will support the fact that the CDBG program has been increasingly used in a way that the dollars have been targeted more each year to activities serving low and moderate income persons; 93 percent of the funds are so targeted. Second, impact surveys conducted by NAHRO clearly show the dependence of critics on CDBG to support both short and long-term objectives. This program is an indispensable tool for local governments.

The Section 108 loan guarantee program is the one tool available for localities to carry out major development activities which require heavy, up-front infusion of capital.

Despite the growth of these other programs, there is still a need for the 312 loan program. There are sufficient funds being repaid into the repayment fund to adequately fund this program so that it can continue to provide needed assistance for rehabilitation of our aging stock. We request you specifically permit funds which were not obligated in fiscal year 1986 to be carried over into fiscal year 1987 for the program in addition to new repayments into the fund.

The Housing Development Action Grant program (HODAG), authorized by the Congress in 1983, is just beginning to show impressive results. NAHRO believes that it should be funded.

We cannot and should not consider a funding level for operating subsidies other than that which is required by the formula. To suggest a program level which is less than that required will result in the inability of public housing authorities across the country to perform to the level that is essential for good program administration and to ensure that there is not a deterioration in management or condition of the public housing stock.

NAHRO's recommended funding level of $1.462 billion includes an amount of $100 million to fund the provision of the performance funding system, referred to as "costs beyond control." This provision provides funds for costs over which PHA has no control but which have exceeded the inflation factors of the performance funding system. A primary example of this is the cost of insurance coverage for PHAs. NAHRO further recommends, in reference to "cost beyond control" that language be developed for the Appropriation Act which will direct that funds be used for this purpose. In prior years, appropriations language has directed excess funds to be carried over into the next fiscal year which has precluded HUD from utilizing funds to provide payment for costs beyond control.

Modernization of the public housing stock under the CIAP program is a necessity and a high priority for local agencies. We strongly urge the continued support by the Congress of the CIAP program at the fiscal year 1986 level.

Despite the claims of the Administration to the contrary, there is a documented need for new production in various areas of the country. It is for this reason that NAHRO supports and requests your support for a minimal level of production of new public housing.

There has been an attempt on your part in the last few years to fund approximately 100,000 new incremental units to the assisted housing inventory. This level was a compromise agreement between the Congress and Administration, which the Administration now seeks to break. We feel very strongly that this number of incremental units is the minimum number to be provided across the country. We strongly urge you to appropriate the necessary funds.

It is also important to have the mix of different types of assisted housing to accommodate the variety of local needs and conditions. We cannot emphasize too much the value of the section 8 existing and moderate rehabilitation programs. These programs have successfully helped us deal with the housing problem in our cities. I also urge the Committee to fund these programs at a level with full administrative fees as calculated prior to 1985.

As I stated earlier, NAHRO strongly supports the efforts to reduce the Federal deficit; however, we feel that housing and community development programs have had more than their share of cuts during the last six years. We, therefore, strongly support the fiscal year 1986 post-Gramm-Rudman funding levels for the coming fiscal year, 1987. We hope you will exhibit strong individual and group leadership in supporting these funding levels for the programs that you have supported in the past. Our cities and their low- and moderate-income residents will be appreciative of this effort on your part.

Thank you for the opportunity to present our views. I will be very happy to answer any questions you might have.

[The statement of Raymond P. Murphy, Jr., follows:]

NAHRO

Statement of

RAYMOND P. MURPHY, JR.

Executive Director, Holyoke Housing Authority,
Holyoke, Massachusetts

On Behalf of the

National Association of Housing and Redevelopment Officials

On

Fiscal Year 1987
Housing and Community Development Funding

Before the

SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES

of the

HOUSE APPROPRIATIONS COMMITTEE

May 6, 1986

FISCAL YEAR 1987 APPROPRIATIONS TESTIMONY

INTRODUCTION

Mr. Chairman and members of the Subcommittee, I am Raymond P. Murphy, Jr., Executive Director of the Holyoke, Massachusetts, Housing Authority, and a member of NAHRO. As you know, NAHRO is an association of professionals who administer low-income housing, rehabilitation, and community development programs in localities across the country. Over 5,500 individuals and 2,200 local agencies involved in carrying out these programs belong to our national organization. These members and those active in our regions and state chapters and associations enable us to effectively represent a broader spectrum of those engaged in administering these programs. More importantly, they enable us to speak authoritatively on the range of issues facing communities and agencies, both large and small, during these troubling times.

I come before you today, when you as Members of the Congress are faced with a difficult task. You are expected to make choices among programs and determine funding levels which will both permit programs to go forward but will not result in the staggering budget deficits we have seen over the past few years. I do not envy you your job.

It is my inteution today to point out for you the justification for not only continuing these vital housing and development programs but funding them at the FY '86 level. I will do this by focusing on the increasing need for and, equally important, the success at the local level of these programs you have funded in the past. We feel very strongly that the need, our track record in satisfying the need, and the disproportionate cuts our programs have taken over the last five years clearly justify funding at the levels we are requesting. In fact, HUD's housing assistance programs have already been cut to the point that basic capacity to carry out these programs is threatened. Attachment 1 to this testimony compares HUD cuts to those of other agencies since 1981.

The 1937 Housing Act was both an admission that state and local governments could not alone solve the housing crisis of this country, and a commitment by the federal government to participate in that effort. As a result, millions of Americans are better housed in more livable communities across the country. But, the provision of decent housing and the repair and replacement of aging infrastructure and public facilities is a continuing problem which requires a continuing federal commitment. A visit to almost any city in the country today will show signs of physical decay and the need for additional housing. The magnitude of the problem and the competing forces for local and state dollars preclude state and local governments from providing sufficient resources to successfully overcome the problem of deteriorated neighborhoods and under-housed and ill-housed people of low income.[1] This is true despite the fact that there has been a significant increase in the participation of state and local government in funding and supplementing programs in housing and community development.

In response to the current crisis and the Administration's proposal for FY '87 funding, NAHRO asked its membership to assess the impact of the proposed budget cuts on their localities. This local assessment has been a valuable experience. It has graphically depicted the extent of the problem and the great need for federal programs to assist localities in improving their neighborhoods and providing housing. We have assembled some information on communities that members of this Subcommittee represent (see Attachment 2). The information received from these communities is very typical of the information that has been gathered across the country. An analysis of this information confirms the premise that the federal government must continue to participate in partnership with local and state governments to provide the resources and programs to effectively deal with the problems of housing and community development.

THE ADMINISTRATION'S RESPONSE

The response of this Administration to the Nation's increasing need for these programs has been everything but responsive. The Administration's position is cloaked in rhetoric about the need to reduce the deficit, to reduce government regulation and interference in local matters, and the over-used cliche, "We must all share the burden." Then there is the safety net to protect the interests of deserving poor and needy of this country. Unfortunately, the reality of this Administration's safety net is that the only things which won't fall through are defense systems. We have seen the basic support for the poor and needy of this country and their deteriorated communities fall through the "safety net."

We call upon you, the Congress, to remind the Administration of the national commitment which must be maintained to help localities deal with the increasing problems of housing and community development. We have prepared a chart which shows the program support, or lack thereof, by the federal government since 1981 (see Attachment 3). Just looking at the comparison of total new budget authority for HUD is indicative of this Administration's abandonment of this Nation's commitment to our communities. New budget authority in 1981 was $33.35 billion. The Administration is requesting only $5.535 billion for FY '87. This represents an 83 percent reduction in funding of these critical programs. If these figures were adjusted for inflation, the effect of the reduction would be obviously more extreme.

The proposals in the Administration's FY '87 budget reflect the fact that the President is walking away from the cities and the poor. In terms of the HUD programs, the President is saying to the Congress, "Now is the time to close up the Department of Housing and Urban Development and end the many programs that have so successfully helped millions of people in this country." We urge you to reject these proposals and resume the process of providing some of the necessary resources to support the programs of this federal-local partnership designed to help our cities.

CONGRESSIONAL SUPPORT

The Congress has not supported the Administration in all of its program cuts and program terminations. For this we are grateful. We are particularly appreciative of the efforts of this Subcommittee to preserve funding for these critical programs and to reject the direction being charted by the President. We must acknowledge, however, despite some support, the Congress has yielded to the pressures of the Administration for significant, and in some cases almost fatal, program cuts. In the name of deficit reduction, we have seen the Congress accede to the Administration's request and cut programs. We suggest that the time has come for the Congress to seriously consider enacting measures to increase revenues for deficit reduction rather than placing the burden on the shoulders of the successful HUD programs and the poor.

The Administration has engaged in a massive game of deception. They maintain that they are trying to reduce the deficit, yet, in fiscal 1985, they increased the federal deficit by paying off public housing notes which could and should have been financed over a long period of time.

The Administration maintains that the preservation of the existing public housing stock is the highest priority in public housing, yet they propose a budget which provides for emergency modernization only. They acknowledge the success of the UDAG program (Assistant Secretary Moran before this Committee, April 21, 1986), yet they propose to eliminate the program. They denounce new production programs in the name of preservation of the existing stock, yet they seek to eliminate the Rental Rehab program and the Mod Rehab program. I urge you to pierce the veil of deception and flatly reject the Administration's agenda to disengage the federal government from these programs.

NAHRO RECOMMENDATIONS

NAHRO recognizes the need to reduce the deficit, but our overriding concern is the plight of our cities and the poor who live in those cities. Consequently, we strongly urge this Committee to appropriate funds for the HUD programs at the FY '86 post-Gramm-Rudman levels. This level is clearly inadequate to meet the need; however, it is the most we feel we can reasonably ask in view of the current deficit situation. For comparison purposes, I am attaching a chart which indicates funding levels for FY '87 as requested by the Administration and the NAHRO recommendations. I would now like to highlight the justification for funding these programs at the levels recommended by NAHRO.

Community Development Programs

The CDBG program needs no defense. Its success is self-evident. Two points, however, need to be made concerning this program. First, HUD data will support the fact that the CDBG program has been increasingly used in a way that the dollars have been targeted more each year to activities serving low and moderate income persons; 93 percent of the funds are so targeted. Second, impact surveys conducted by NAHRO clearly show the dependence of cities on CDBG to support both short- and long-term objectives. This program is an indispenable tool for local governments.

The Section 108 Loan Guarantee program is the one tool available for localities to carry out major development activities which require heavy, up-front infusion of capital. The Congress resolved one problem with Section 108 Loans when it mandated private sector participation in the loans to preclude direct federal loans. The Administration's complaint, as indicated in Assistant Secretary Moran's testimony, is that there is a "limited and selective demand for Section 108 assistance." This statement ignores the fact that the program was originally designed to be selectively used, but used to support the basic CDBG. We urge this program be continued.

The Section 312 Rehabilitation Loan program was at one time the primary rehabilitation program utilizing federal assistance. The success of this program served as the basis for a number of successor programs, both federally-assisted and not. Despite the growth of these other programs, there is still a need for the 312 Loan program. The great demand for limited local resources results in the need for a variety of tools to solve the problem of deterioration in our communities. In addition, and most importantly, continuation of this program does not require additional federal dollars. There are sufficient funds being repaid into the Repayment Fund to adequately fund this program so that it can continue to provide needed assistance for rehabilitation of our aging stock. Assuming the Administration's current attempt to defer spending funds for this program in FY '86 is rejected, we request you specifically permit funds which were not obligated in FY '86 to be carried over into FY '87 for the program in addition to new repayments into the fund.

The same Administration that fought so strongly for the Rehabilitation Grants program is now seeking to eliminate it. They cite the availability of "other sources of funding for rental rehabilitation" at the same time they are requesting the elimination of the Section 312 Rehab Loan program and the Moderate Rehab program. Very importantly, the Administration fails to indicate any problems or lack of success with the current Rental Rehabilitation program. The fact is, this new program is working, is successful, and is needed!

The Housing Development Action Grant program (HODAG), authorized by the Congress in 1983, is just beginning to show impressive results. NAHRO believes that it should be funded at least at a modest level of $72 million in order to maintain momentum and program capacity.

Public Housing

Operating subsidies are provided to PHAs to cover the gap between revenues received and the expenses of operating the program. Revenues received consist primarily of tenant rental income which is controlled by statute (i.e., 30 percent of a tenant's adjusted income). We cannot and should not consider a funding level for operating subsidies other than that which is required by the formula. To suggest a program level which is less than that required will result in the inability of public housing authorities across the country to perform to the level that is essential for good program administration and to ensure that there is not a deterioration in management or condition of the public housing stock. NAHRO's recommended funding level of $1.462 billion includes an amount of $100 million to fund the provision of the Performance Funding System referred to as "costs beyond control." This provision provides funds for costs over which the PHA has no control but which have exceeded the inflation factors of the Performance Funding System. A primary example of this is the cost of insurance coverage for PHAs. The additional cost of insurance to PHAs which is not covered by the current Performance Funding System is estimated to be in the $75 to $100 million range. NAHRO further recommends, in reference to "cost beyond control," that language be developed for the Appropriation Act which will direct that funds be used for this purpose. In prior years, appropriations language has directed excess funds to be carried over into the next fiscal year which has precluded HUD from utilizing funds to provide payment for costs beyond control.

The NAHRO estimate also includes an amount of $50 million to cover appeals. This fund would permit public housing authorities to adjust their Performance Funding System base to reflect the reality of operation in the current year. Circumstances and factors might have changed since the base year of the Performance Funding System and as a result dictate that there should be a change to the funding base for the program.

Modernization of the public housing stock under the CIAP program is a necessity and a high priority for local agencies. We strongly urge the continued support by the Congress of the CIAP program at the FY '86 level. A higher level is needed to successfully modernize all of the public housing units, but, as we have stated before, we acknowledge the difficulty of increasing funding during this period of high budget deficits. I am sure all of you have heard the pleas of constituents for modernization funding. I can only reinforce that plea and say that it is a nationwide and universal plea for help to solve the problem of the deteriorating stock of public housing.

Despite the claims of the Administration to the contrary, there is a documented need for new production in various areas of the country. I acknowledge that the vacancy rate is such in some few communities that new production is not required. This, however, must not overshadow the need in other areas. It is for this reason that NAHRO supports and requests your support for a minimal level of production of new public housing. This new housing production component is necessary to replace public housing removed from the stock as well as to provide units in tight housing market areas where the supply of available low- and moderate-income housing is almost non-existent.

Other Housing Programs

There has been an attempt on your part in the last few years to fund approximately 100,000 new incremental units to the assisted housing inventory. This level was a compromise agreement between the Congress and Administration, which the Administration now seeks to break. We feel very strongly that this number of incremental units is the minimum number to be provided across the country. We strongly urge you to appropriate the necessary funds. It is also important to have the mix of different types of assisted housing to accommodate the variety of local needs and conditions. We cannot emphasize too much the value of the Section 8 Existing and Moderate Rehabilitation programs. These programs have successfully helped us deal with the housing problem in our cities. I also urge this Committee to fund these programs at a level with full Administrative Fees as calculated prior to 1985. Attachment #4 indicates the breakdown of incremental units included in the NAHRO recommendation.

Our purpose has been to highlight for a few of the programs the justification for the funding levels recommended by NAHRO. The fact that some of the recommendations have not been covered in this narrative should not be interpreted as a sign of our lack of support. We strongly urge funding of all of the programs at the levels indicated on our attachment.

CONCLUSION

I have attempted in this testimony to articulate the justification for the NAHRO recommendations for funding for the HUD programs during FY '87. As I stated earlier, NAHRO strongly supports the efforts to reduce the federal deficit; however, we feel that housing and community development programs have had more than their share of cuts during the last six years. We therefore strongly support the FY '86 post-Gramm-Rudman funding levels for the coming fiscal year, 1987. We hope you will exhibit strong individual and group leadership in supporting these funding levels for the programs that you have supported in the past. Our cities and their low- and moderate-income residents will be appreciative of this effort on your part.

Thank you for the opportunity to present our views. I will be very happy to answer any questions you might have.

NAHRO

Attachment 1

FEDERAL BUDGET: BUDGET AUTHORITY AND OUTLAYS BY SELECTED AGENCIES
FY 1981 - FY 1986 (Est.)

(in billions of dollars)

	Budget Authority		Outlays		Change	
	FY '81	FY '86 (est.)	FY '81	FY '86	Budget Authority	Outlays
Dept. of Agriculture	$ 28.2	$ 56.7	$ 26.0	$ 54.2	+101%	+108%
Dept. of HUD	33.4	10.7	14.0	15.2	-68	+9
Dept. of HHS*	41.0	58.9	41.3	59.4	+44	+44
Dept. of Interior	6.4	4.3	6.8	4.6	-33	-32
Dept. of Justice	2.5	3.8	2.8	3.8	+52	+36
Dept. of Labor	29.5	27.2	30.1	23.1	-8	-24
Dept. of Transportation	23.7	26.8	22.5	26.3	+13	+17
Dept. of Treasury **	92.7	184.0	93.4	184.7	+98	+97
Dept. of State	2.3	4.1	2.0	2.9	+78	+45
Dept. of Defense - Military	178.4	278.4	156.1	258.4	+56	+66

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*Health and Human Services excluding Social Security and Trust Funds.

**National debt.

SOURCE: Budgets of the U.S. Government FY 1983 and FY 1987.

Attachment 2

NAHRO

NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Housing, Community Development, and Employment Need*

Community	Persons on Public Hsg. Waiting List	Persons on Section 8 Waiting List	Public Housing Modernization Units	Public Housing Modernization Cost	Homeless Persons	Overcrowded Hsg. Units	Substandard Hsg. Units	Unemployment Rate
Redlands, California	3,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
San Bernardino, California	200	113	570	$570,000	N/A	1,000	5,365	14.2%**
New Orleans, Louisiana	5,500	230	10,891	$390-900M	2,000	N/A	N/A	10.4%
Saginaw, Michigan	87	70	940	$3M	N/A	N/A	9,915	10.5%
Minneapolis, Minnesota	28,000	394	2,565	$22M	10,800	1,242	22,164	6.3%
Nashville, Tennessee	1,088	1,171	6,181	$60.3M	1,500	6,134	29,834	N/A

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*The source of this information is NAHRO's Housing and Community Development Impact Survey.
**In low-income Census tracts.
N/A = Not available.

NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Impact of Administration Budget Proposals -- Page 1*

Community	Section 312, Section 8 Mod Rehab, Rental Rehab: Units not Rehabbed	CDBG		
		Low/Mod Housing Units Not Rehabbed	Low/Mod Income Jobs Lost	Persons Losing Services
Redlands, California	4	5	1	50
San Bernardino, California	90	25	N/A	N/A
New Orleans, Louisiana	N/A	N/A	N/A	N/A
Saginaw, Michigan	25	39	9	393
Mineapolis, Minnesota	32	121	N/A	**
Nashville, Tennessee	283	36	44	***

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*The source of information is the 1986 NAHRO Housing and Community Development Impact Survey.
**Elderly person services (meals, counseling, transit) cut 25 percent; day care enrollment cut 25 percent.
***Day care enrollment cut 25 percent.
N/A = Not available.

NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Impact of Administration Budget Proposals -- Page 2*

Community	If Administration's Proposals are adopted, the community will		
	Raise Taxes	Cut Housing and CD Services	Cut Police, Fire, Water and Sewer Services
Redlands, California	No	Yes	No
San Bernardino, California	No	Yes	No
New Orleans, Louisiana	Yes	Yes	Yes
Saginaw, Michigan	No	Yes	Yes
Minneapolis, Minnesota	Yes	Yes	Yes
Nashville, Tennessee	No	Yes	No

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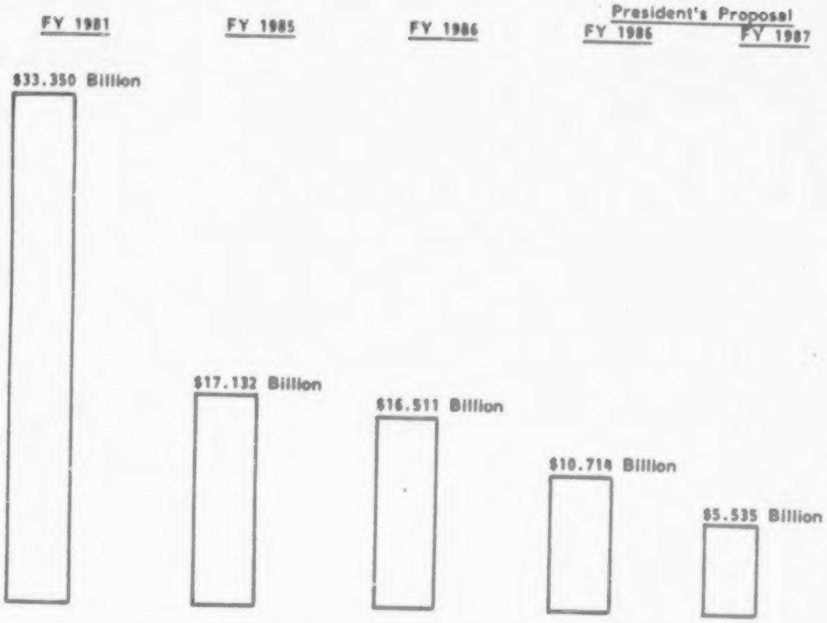
*The source of information is the 1986 NAHRO Housing and Community Development Impact Survey.

Attachment 3

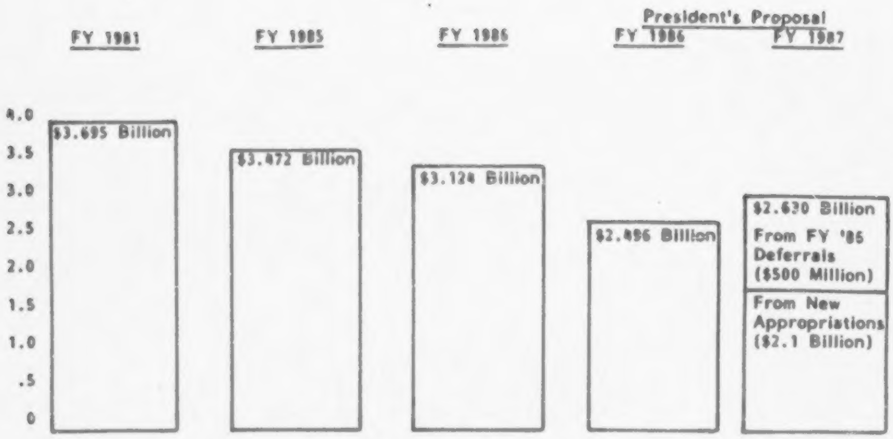
NAHRO

THE FEDERAL COMMITMENT TO HOUSING AND URBAN DEVELOPMENT

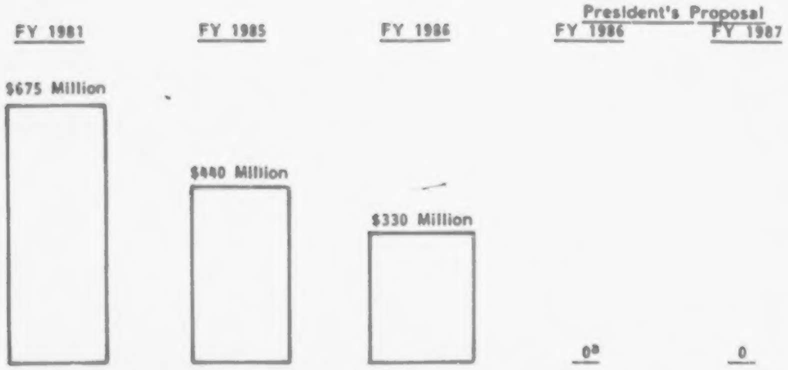


New Budget Authority, U.S. Department of Housing and Urban Development.

3/86

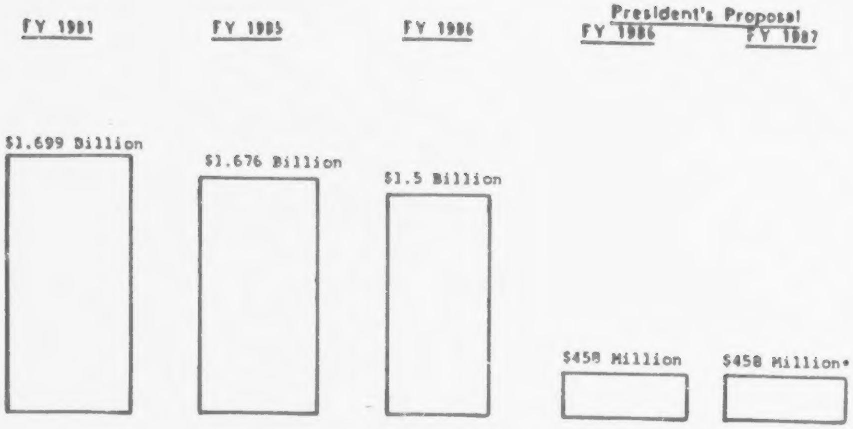


COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS



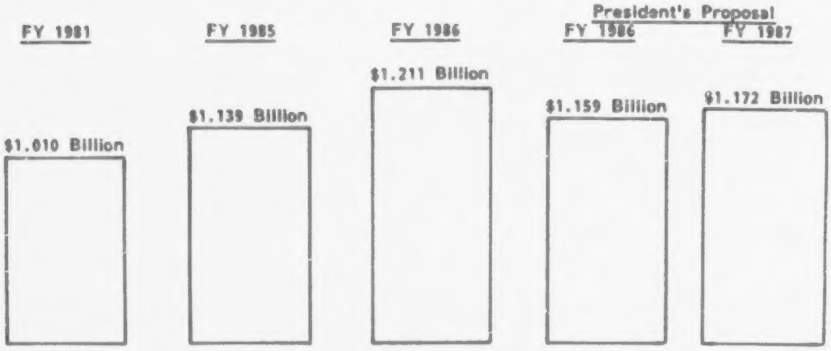
[a]Except for grants already announced before budget message on February 5.

URBAN DEVELOPMENT ACTION GRANT PROGRAM



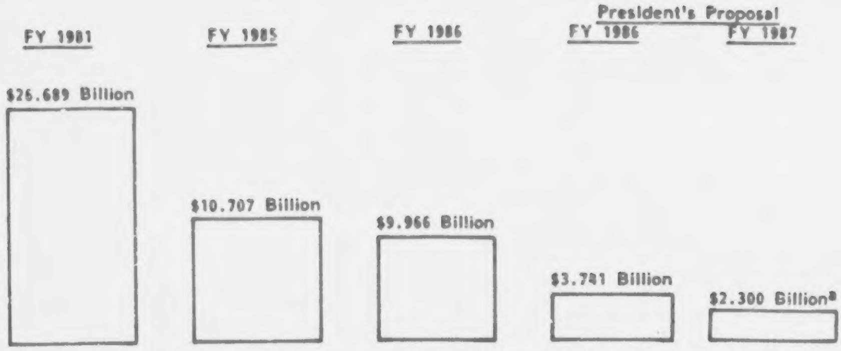
* (1987 numbers are adjusted for changes in the method of financing modernization; actual appropriation is $225 million for direct grants, equivalent to $458 million in long-term debt amortization.)

PUBLIC HOUSING MODERNIZATION FUNDS



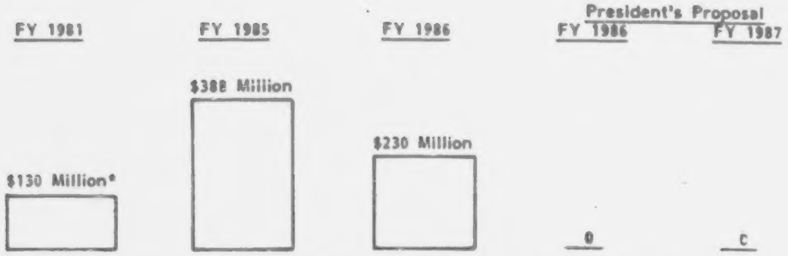
(Numbers exclude carryover funds from prior years.)

PUBLIC HOUSING OPERATING ASSISTANCE



[a]The President proposes $2.3 billion, consisting of funds deferred from FY 1986, to fund 50,000 vouchers. No new appropriations are requested for FY 1987.

ASSISTED HOUSING PROGRAMS



*Section 312 only; Rental Rehabilitation and HODAG were created in 1984.

REHABILITATION PROGRAMS AND THE HOUSING DEVELOPMENT GRANT PROGRAM (HODAG)

NAHRO

Attachment 4

NAHRO Recommendations

PROPOSED USE OF BUDGET AUTHORITY
FOR HUD PROGRAMS
FY 1987
(dollars in millions)

	Administration Budget	NAHRO
Community Development		
CDBG	$ 2,630*	$ 2,990
Section 108 Loans	0	215
UDAG	0	316
Urban Homesteading	12	11
Section 312	0	130 **
Rental Rehab Grants	0	72
Public Housing		
Operating Subsidies	$ 1,233	$ 1,462
Modernization (CIAP)	225	1,400
New Production:		
Conventional (Units)	0	4,803
Indian (Units)	0	1,921
Assisted Housing		
New Incremental Units:		
Section 202	0	11,528
Section 8 Existing	0	31,203
Section 8 Mod. Rehab	0	9,660
Housing Vouchers	50,000	35,449
Other HUD Programs		
HODAG	0	$ 72
Section 202 Loan Fund	$ 30	549
Congregate Housing Services	0	2.6
Housing Counseling	0	3.3
Fair Housing and Equal Opportunity	5	6.3
Policy, Development and Research	18.9	16.2

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*Includes $500 million proposed to be deferred from FY 1986.

**Whatever amount is available in Repayment Fund. No new appropriation required.

Mr. STOKES. Thank you. I want to commend you and NAHRO for a comprehensive statement, including the graphs which are attached to your testimony, which are also excellent. I don't have any questions. I agree with everything that you have said about the current Administration and their approach to housing, and the necessity for us to resist dismantling and disengaging all these programs.

Any further questions? Mr. Green?

Mr. GREEN. Let me say Mr. Conte, the Ranking Minority Member of the full Appropriations Committee, had hoped to be here to introduce and welcome you personally, but in his absence, we want to assure you our Committee will give your testimony on the need for housing and development assistance our full attention.

I would like to focus on just a couple of issues. One, after the passage of the 1983 Housing bill and the new construction program, section 17 of that bill, HUD made a real effort to target that at those communities around the country which had a low vacancy rate, and frankly the political heat here on the Hill just defeated them in that effort. There were vacancy rates which didn't justify creation of new housing unless it was all going to be for low and moderate-income people, which the HODAG program is not.

What I want to ask is, would NAHRO be prepared to take the political heat and support an effort at targeting new construction to those places where it is needed and the vacancy rates justify it?

Mr. MURPHY. Speaking again for my position as Senior Vice President of the New England NAHRO, I would say so. I don't know I would have authority to speak on behalf of the Board of Governors of NAHRO at this time. I certainly will bring back the message.

Mr. GREEN. I would hope you would. Again, when you look at the 202 program, I have had members of the Council of Large Public Housing Authorities complain to me that 202s were causing their projects to run at excessive vacancy rates. It doesn't make a lot of sense to be putting 202s where they undermine public housing. I think if we are going to go ahead on new construction, we need NAHRO support.

Thank you, Mr. Chairman.

Mr. STOKES. Thank you, Mr. Murphy. It is a pleasure to have you.

This concludes our hearings for this morning, until 2:00 p.m. this afternoon.

AFTERNOON SESSION

NATIONAL SCIENCE FOUNDATION

WITNESS

HON. DOUG WALGREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA, AND CHAIRMAN, SUBCOMMITTEE ON SCIENCE, RESEARCH AND TECHNOLOGY, COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. BOLAND. The Committee will come to order.

Mr. Fuqua is on his way over.

Doug, why don't you come to the table here. We are delighted to have you. We understand you appear on behalf of the National Science Foundation proposal. Is the recommendation out of your Subcommittee now?

Mr. **Walgren**. Yes, but the full Committee has not acted.

Mr. **Boland**. We are delighted to have you. We know you chair that particular Subcommittee and do it very well.

Mr. **Walgren**. I appreciate the chance to talk with you about the Subcommittee product that we have and I know Congressman Fuqua would want to make a full presentation as well, so certainly I would be happy to go forward until he comes.

We felt that there was a lot of credit to be given to the Administration in terms of the strength they have recognized in their budget for the National Science Foundation.

I particularly want to salute the contribution that Mr. Boehlert and the other side of our Subcommittee made because we have a totally supported package here which we can recommend to you.

The overall level requested by the Administration was accepted by our Subcommittee. We recognize that it increases the contribution towards scientific research. We think that that is absolutely essential and right on the mark.

We make a shift of some moneys from the Antarctic program on the ground that it is very expensive to do research there and some of the activities there are involved are really supportable by the military.

The Coast Guard has come in to pick up some ice-breaking activities and we feel that the military ought to carry out the military activities and the moneys that are available to the National Science Foundation not be diverted. So, we reduced them slightly from $117 million to $114 million.

I am trying to remember what their base was last year, and I think it was $115 million if I remember correctly. We take that $7 million and strongly recommend that it be redirected to the Science and Engineering Education directorate, and there was unanimous support focused on the college science instrumentation program as something that could put money to very good use taking the program to $11 million.

It is a small program, but it is targeted right on the problem of instrumentation. We also really would like to see that program move into two-year community colleges. That range of the educational system is largely left out and that would be a way of strengthening those programs, giving them an ability to participate that we think would be good on the whole particularly in view of the number of students that come through two-year colleges that then go on to be graduate scientists that we know our efforts should support.

The other effort was made to increase the Biological Behavioral and Social Sciences directorate for the social and behavioral sciences of $3 million, a $3 million add still moves them only to the position of being equal to the levels that they were funded in 1980, and we really are impressed with the importance of the biological, particularly the social and the behavioral in making contributions that have very direct economic benefits.

The social sciences have a great contribution to make and they have been largely overlooked in these several years. So we make those recommendations in the authorizing legislation.

Those were my main points. We also—are we dealing with the U.S. Fire Administration in this bill as well?

Mr. **Boland**. We are. I wish somebody else had it.

Mr. **Walgren**. We have support for that. We could find no testimony that would not justify the efforts made there and those efforts continue to have the strong and bipartisan backing of our Committee.

Thank you.

Mr. **Boland**. Thank you very much.

I want to congratulate you on the way you handle that particular Subcommittee and this Committee recognizes the importance of the NSF.

As you have indicated, we have had excellent communication with the authorization committee most of the time.

[The statement of Mr. Walgren follows:]

TESTIMONY OF THE
HON. DOUG WALGREN (D-PA)
CHAIRMAN, SUBCOMMITTEE ON SCIENCE, RESEARCH AND TECHNOLOGY
BEFORE THE
APPROPRIATIONS SUBCOMMITTEE ON
HUD-INDEPENDENT AGENCIES

MAY 6, 1986

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THIS SUBCOMMITTEE TO DISCUSS H.R. 4184, THE FISCAL YEAR 1987 AUTHORIZATION FOR THE NATIONAL SCIENCE FOUNDATION.

AS CHAIRMAN OF THE SUBCOMMITTEE THAT HAS RESPONSIBILITY FOR THE OVERSIGHT AND AUTHORIZATION OF THE NATIONAL SCIENCE FOUNDATION I WANT TO CONVEY THE SUBCOMMITTEE'S STRONG, BIPARTISAN SUPPORT FOR H.R. 4184. THIS BILL REPRESENTS A CONTINUATION OF THE EXCELLENT SCIENTIFIC WORK SPONSORED BY THE FOUNDATION IN A WIDE ARRAY OF SCIENTIFIC DISCIPLINES. THE ADMINISTRATION DESERVES CREDIT FOR ITS FORESIGHT IN PROPOSING AN NSF BUDGET THAT SUSTAINS VIGOROUS SCIENTIFIC EXPLORATION IN BASIC RESEARCH AND EDUCATION, BOTH OF WHICH UNDERGIRD A STRONG AND GROWING ECONOMY. FURTHER, I WANT TO THANK THE RANKING MINORITY MEMBER, MR. BOEHLERT, FOR HIS CONTRIBUTION TO THE SUBCOMMITTEE'S CONSIDERATION OF H.R. 4184. HIS SUPPORT CHARACTERIZES THE BIPARTISAN ATTITUDE OF ALL MEMBERS OF THE SCIENCE AND TECHNOLOGY COMMITTEE.

Overall, H.R. 4184, as introduced by Mr. Fuqua, by request, authorizes a total of $1.68 billion for Fiscal Year 1987; $1.47 billion for Research and Related Activities; $117.0 million for the U.S. Antarctic Program; $89.0 million for Science and Engineering Education; and $700,000 for Special Foreign Currency. Within Research and Related Activities, H.R. 4184, as introduced by request, authorizes $53.6 million for Advanced Scientific Computing; $383.2 million for Astronomical, Atmospheric, Earth and Ocean Sciences; $282.4 million for Biological, Behavioral and Social Sciences; $185.4 million for Engineering; $449.2 million for Mathematical and Physical Sciences; and $47.0 million for Scientific, Technological and International Affairs.

During consideration of H.R. 4184, the Subcommittee unanimously supported the overall level of $1.68 billion, as requested, but made a small shift of authorized funds within that total from the U.S. Antarctic Program to the Science and Engineering Education Directorate and the Biological, Behavioral and Social Science Directorate. We reduced the U.S. Antarctic Program from the requested level of $117.0 million to $110.0 million. While the Subcommittee is committed to maintaining a strong Antarctic research program, it made this transfer of funds on the basis that some of the activities presently funded by the NSF have been transferrd to the Coast Guard.

Of the $7.0 million transferred from the U.S. Antarctic program, $4.0 million will be redirected to the Science and Engineering

Education Directorate for the purpose of boosting the funding level of the College Science Instrumentation Program (CSIP) from the requested level of $7.5 million to $11.5 million. The Subcommittee will recommend that NSF extend eligibility for CSIP grants to include two-year and Community Colleges. In general, the Subcommittee is pleased with the progress made by the Science and Engineering Education Directorate in reorganizing and rebuilding its programs. In the proposed budget for Fiscal Year 1987, for instance, the practice of carrying over funds from the previous Fiscal Year has stopped. The Subcommittee redirected the remaining $3.0 million to the BBS Directorate for the specific purpose of increasing support for individual investigator activities in the social and behavioral sciences. The Subcommitee made this move in an effort to restore support for these activities to their levels prior to Fiscal Year 1980. We feel that activities in the social and behavioral sciences have borne a disproportionate share of budget reductions in the late 1970's and early 1980's.

H.R. 4184, as approved by the Subcommittee, also incorporates changes in the National Science Foundation Act of 1950. The first change removes the requirement that NSF maintain a register of names of scientific and engineering personnel. Given the massive number of engineers, scientists, and technicians in the United States, it would be too expensive and potentially intrusive to keep such a register. The second change removes the requirement that four of the Assistant Directors of the Foun-

DATION BE APPOINTED BY THE PRESIDENT. IT IS GENERALLY RECOGNIZED THAT SINCE THE DIRECTOR, DEPUTY DIRECTOR, AND 24 MEMBERS OF THE NATIONAL SCIENCE BOARD ARE CURRENTLY PRESIDENTIAL APPOINTEES, THERE IS SUFFICIENT PRESIDENTIAL CONTROL OVER THE FOUNDATION. ALSO, THE POSITION OF ASSISTANT DIRECTOR IS TRULY ORIENTED FOR A PERSON WITH AN EDUCATION AND EXPERIENCE IN SCIENTIFIC RESEARCH AND ENGINEERING. THE THIRD CHANGE CLARIFIES THE AUTHORITY OF THE FOUNDATION TO EXPAND THE AMOUNT OF FUNDS FOR SCHOLARSHIPS AND GRADUATE FELLOWSHIPS. THE FOURTH CHANGE REMOVES UNNECESSARY CODIFICATION REGARDING THE SCIENCE INFORMATION SERVICE AND THE SCIENCE INFORMATION COUNCIL SINCE BOTH ORGANIZATIONS NO LONGER EXIST.

MR. CHAIRMAN, H.R. 4184 CONTINUES THE STRONG SUPPORT NECESSARY FOR A HEALTHY AND PRODUCTIVE NATIONAL EFFORT IN BASIC RESEARCH. WE ARE MINDFUL THAT THE NSF IS ONE OF THE VERY FEW AGENCIES IN THE FEDERAL BUDGET DESIGNATED FOR A PERCENTAGE INCREASE OF THIS MAGNITUDE. DURING THIS ERA OF TIGHT FISCAL RESTRAINT AND PAINFUL CHOICES, WE FEEL THE FUNDS DIRECTED TO THE NSF ARE TAXDOLLARS WELL SPENT AND WILL POTENTIALLY RAISE THE QUALITY OF LIFE FOR ALL CITIZENS.

BEFORE CLOSING, I WANT TO TURN YOUR ATTENTION TO THE FUNDING FOR THE U.S. FIRE ADMINISTRATION AND THE NATIONAL FIRE ACADEMY, WITHIN FEMA. THERE HAS BEEN A DISCERNIBLE DOWNWARD TREND IN THE LOSS OF LIFE AND PROPERTY DUE TO FIRES. IN OUR ESTIMATION, THIS REDUCTION IS DIRECTLY ATTRIBUTABLE TO FEDERAL FIRE PROGRAMS. IT

JUST DOESN'T MAKE SENSE TO CUT THESE WORTHWHILE PROGRAMS WHICH ARE WORKING AND SAVING LIVES.

IT IS THE UNANIMOUS, BIPARTISAN VIEW OF OUR SUBCOMMITTEE THAT FUNDING SHOULD BE CONTINUED FOR THE FIRE ADMINISTRATION, AND THAT TRAVEL STIPENDS AND LODGING FOR FIREFIGHTERS ATTENDING THE NATIONAL FIRE ACADEMY SHOULD ALSO BE CONTINUED. WE DO, HOWEVER, AGREE WITH THE ADMINISTRATION THAT THE PROPOSED NATIONAL EMERGENCY TRAINING CENTER WEST SHOULD RECEIVE NO FURTHER FUNDING. TO DEVELOP THAT FACILITY TO A REASONABLE DEGREE WOULD ENTAIL A LARGE INCREASE IN RESOURCES WHICH WE JUST CANNOT SUPPORT IN THIS ERA OF AUSTERITY. RECENTLY, WE HAVE REPORTED H.R. 4252, THE FIRE PREVENTION AND CONTROL ACT FOR FISCAL YEAR 1987, WITH A TOTAL THAT IS FOUR PERCENT LESS THAN THE FISCAL YEAR 1986 APPROPRIATIONS LEVEL.

AGAIN, THANK YOU FOR THIS CHANCE TO APPEAR BEFORE THIS COMMITTEE.

NATIONAL SCIENCE FOUNDATION AND NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESS

HON. DON FUQUA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA, AND CHAIRMAN, SUBCOMMITTEE ON SCIENCE, RESEARCH AND TECHNOLOGY

Mr. **Boland**. Now we are delighted to have the Chairman of the Science and Technology Committee. This will be your last appearance before this Committee in that capacity. You may be here in another capacity. We welcome you anytime.

I know you served for 24 years and took Roland Teague's place as Chairman of the Committee in 1979. From all the time you have spent on that Committee, you have been a great supporter of the space program. The relationship that your authorization Committee has had with this Committee have always been on the highest level and our regard for you and your Committee, I think, reflects the fact that we have had few problems.

We have disagreements, sometimes you win and I lose—that is most of the time. You will be missed as one who has contributed much support, including your championship of the space program over that period of time, a lot of trying times, particularly under the times in which we are witnessing some of the problems that the space program has.

Welcome and we are sorry to see you leave. I am sure that it is a loss for the Congress seeing you leave.

Thank you for coming to us today.

Mr. **Fuqua**. Thank you, Mr. Chairman.

I appreciate those kind remarks. As you pointed out, this will be my last appearance before this Subcommittee and let me also express my sincere appreciation for the cooperation that we have had with the members and staff of this Subcommittee over the years in trying to work with programs which we think are important for the nation.

I couldn't let the opportunity go by without expressing that personal appreciation for that cooperation that we have had.

I appear before you today, Mr. Chairman, in support of the National Science Foundation and the National Aeronautics and Space Administration programs for fiscal year 1987 and both bills have been reported by the subcommittees and are awaiting final action before the full Committee and we are awaiting action by the Budget Committee so we have a figure to mark on.

Congressman Walgren, chairman of the Subcommittee that deals with NSF and the Administration's budget has already spoken to you and has explained in more detail some of the redirection of $7 million to address the concerns of the Subcommittee relating to the NSF.

I might point out that the bill, H.R. 4184, represents a 13.1 percent increase over the 1986 proposed Gramm-Rudman level, and in a period of fiscal austerity, it is our responsibility to justify an increase of this type, not only the moneys themselves, but also the significance of this particular increase in the context of the overall national goals.

The National Science Foundation serves as a catalyst for advancing science and engineering education. It supports 25 percent of the basic research conducted in U.S. colleges and universities and accounts for 17 percent of the total funding for basic research.

I think we agree that support of basic research is not only a sound long-range policy to pursue, but also a strategy which is crucial to preserving our position in an increasingly global marketplace.

Particularly in the fields of declining infrastructure and equipment needs, we have in our research institutions new areas for science and technology, biotechnology, and robotics, which are bursting through the traditional bounds of our fundamental science knowledge base.

We are concerned that not enough young people are choosing to enter science and engineering fields, particularly among women and minority groups. We believe that strengthening our science and engineering education—the record of the Foundation is one of the means of trying to combat some of the shortages that we have and without a strong and dedicated effort to these priorities, I think our position of international leadership in the sciences is certainly in jeopardy.

As to the NASA budget, last year when I testified, we were challenged to build a strong space program for the future in the face of intensive budget constraints. This year I think we face an even stronger budget constraint and a different program situation.

Even before the NASA accident, we were faced with the problem of starting a space station while trying to maintain a balanced program of science and applications all within a tightly constrained budget.

The Challenger accident makes this situation even more difficult and additional resources are going to be needed to maintain a three-orbiter fleet safely, especially coupled with the unfortunate event that happened with the Delta rocket over the weekend.

We have assumed a need for major extraordinary supplemental funding in order to enable NASA to recover from the accident. That would make the three-orbiter fleet fly safely and replace space transportation capacity.

We think supplemental funding in response to the accident should be over and above the normal program funding carried on in the President's request and I think we face a national emergency, not just an emergency to NASA.

A second principle embodied in the bill is fiscal restraint to stay within the President's request level with regular programs, this in spite of the fact that there are many valuable programs particularly in the science area that we could use a great deal more money for and had we not had the accident probably some of these cost savings could be used to upgrade the safety of the space shuttle fleet and now we are faced with extra costs that arise due to launch delays and savings resulting from not flying the shuttle.

The third principle is worthwhile programs need to be proceeding on schedule.

We have added money back in for the advanced communications technology satellite program. This was originally put in the budget by Congress several years ago and our reasons for doing so I think are still as valid today as they were then. We think it strongly increases our international competitive position, particularly in the high technology field of communications satellites.

The fourth principle is that we have a balance between science and applications. We are not cutting funds compared to fiscal year 1986 levels, although in some cases we did reduce the growth rate for the program.

The bill signifies full support for the space station program by authorizing the full amount requested, this assumes that the space station development program will remain on schedule and all requested funding will be needed for fiscal year 1987. We believe that phased development should begin in fiscal year 1987 even if it must do so at a lower rate of funding.

Finally, the Subcommittee actions have left intact funding levels for the space shuttle operations program in recognition of the fact that these programs are important.

I have enclosed tables which will more specifically take care of that or explain that.

In the aviation part of the bill, which the Subcommittee on Transportation, Aviation and Materials considered, are two specific line items in the NASA budget request, the aeronautical research and technology and the transatmosphere research and technology.

The Subcommittee endorsed the first line item and was assisted this year with advice from its aeronautical advisory committee which has evaluated each of NASA's 70 aeronautical research programs.

The other line item is the national aerospace plane, a joint DOD-NASA research project to develop and demonstrate technology capable of extended hypersonic cruise in the upper atmosphere or single-stage-to-orbit operation.

That technology has several potential civil applications including a next-generation space transportation system and commercial transport.

The Subcommittee felt that NASA's deep involvement in the early phases of research and technology development was essential to insure applications that will be needed by military and civilian users in the late nineties.

Mr. Chairman, I would be glad to answer any questions that you may have at this particular time.

Mr. BOLAND. Thank you very much, Mr. Chairman.

I appreciate your appearance here today.

[The statement of Mr. Fuqua follows:]

TESTIMONY OF THE
HONORABLE DON FUQUA, CHAIRMAN
COMMITTEE ON SCIENCE AND TECHNOLOGY

BEFORE THE
SUBCOMMITTEE ON HUD-INDEPENDENT AGENCY
COMMITTEE ON APPROPRIATIONS

MAY 6, 1986

National Science Foundation

Mr. Chairman, it is with pleasure that I appear before you today in support of the National Science Foundation program and the National Aeronautics and Space Administration program for fiscal year 1987. The authorization bills for both agencies are pending before the full Committee on Science and Technology.

H.R. 4184, the National Science Foundation Authorization Act of 1987 was passed by unanimous consent with an amendment in the nature of a substitute by our Subcommittee on Science, Research and Technology. The Subcommittee maintained the NSF FY 1987 budget at the level requested by the Administration, but redirected $7.0 million to address concerns of the Subcommittee and those expressed by witnesses during our hearings. Our colleague, Doug Walgren, will also testify before you today and explain the Subcommittee's amendment in detail, including changes to the NSF Organic Act.

In closing to what is my last appearance as a Member before this subcommittee, I would like to express my appreciation for the spirit of cooperation that has existed between my Committee and the Appropriations Committee during my tenure in Congress. I believe that this relationship is important to the advancement of American science and technology, and I hope that it will continue in future Congresses. Thank you for this opportunity to testify.

Mr. Chairman, we are aware that the total authorization requested in H.R. 4184 represents a 13.1% increase over the FY 1986 post Gramm-Rudman-Hollings level. In an era of fiscal austerity, it is our responsibility to justify an increase of this type; not only the monies themselves, but also the significance of this particular increase in the context of overall national goals.

As you are aware, the National Science Foundation serves as a catalyst for advancing science and engineering education, supports 25% of basic research conducted in U.S. colleges and universities, and accounts for 17% of total federal funding for basic research. I think we would all agree Mr. Chairman, that support for basic scientific research is not only a sound long-range policy to pursue, but a strategy which is crucial to preserving our position in an increasingly global marketplace.

Today, progress in basic scientific research is hindered by a number of factors: funds directed toward basic research as a percentage of the total federal R&D effort have been declining steadily, infrastructure and equipment needs continue to plague research institutions, and new areas of science and technology, biotechnology and robotics for example, are bursting though the traditional bounds of our fundamental science knowledge base.

Clearly the most disturbing phenomena is that, quite simply, shortages of scientific personnel have become acute. There are not enough young people choosing to enter science and engineering fields, particularly among women and minority groups. Obviously, this shortfall will have a profound impact on the strength of future scientific endeavors.

The scientific communities themselves have highlighted these manpower shortages in comprehensive reports on various disciplines. Most recently, the National Academy of Sciences report, Physics Through the 1990s, recommended that the number of predoctoral fellowships must be doubled to insure that an adequate number of U.S. citizens pursue careers in scientific fields. Similar recommendations were presented in Renewing U.S. Mathematics and Opportunities in Chemistry, also publications of the National Academy of Sciences.

We are pleased that these concerns have been integrated into the NSF FY 1987 budget plan. Like you Mr. Chairman, we believe that strengthening the Science and Engineering Education Directorate of the Foundation is a means of combatting these shortages.

We are also appreciative of the efforts that the NSF has taken in the promotion of advanced scientific computing, a recent initiative which has long been of particular interest to the Science and Technology Committee. In view of the increasing role which supercomputers are playing in advancing science, a coordinated approach to supercomputer center enhancement, software research, network development, and access for all scientific disciplines to these vital resources is critical.

The NSF has taken strides to broaden participation in science and engineering. The establishment of new Minority Centers of Excellence, continuation of the Experimental Program to Stimulate Competitive Research and the Presidential Young Investigator program all receive strong support in the FY 1987 budget. The structure of these programs encourages the leveraging of federal funds and helps to build a foundation for self-sustaining programs in the future.

At the same time, the NSF's FY 1987 budget highlights areas of unique scientific opportunity which exist on the cutting edge of multi-disciplinary research, namely biotechnology, global geoscience and computational science and technology. We are pleased to see that the Foundation's attention to these areas goes beyond monetary support to include new management structures to deal with these emerging areas. Many would agree it is at the intersection of scientific disciplines where the greatest potential for breakthrough and discovery exists.

No one needs to be reminded of the budgetary parameters under which we are operating. Rather the question is setting priorities in light of these constraints. It is our belief that science and engineering research and education is a priority, an extremely high priority. Without a strong, concerted effort dedicated to this priority, our position of international leadership in science and technology is jeopardized.

National Aeronautics and Space Administration

Last year I testified that we were challenged to build a strong space program for the future in the face of intensive budget constraint. This year, I think we face an even stronger budget restraint and a more difficult program situation. Even before the accident NASA was faced with the problem of starting development of the Space Station while maintaining a balanced program of Science and Applications--all within a tightly constrained budget. The Challenger accident makes this situation even more difficult additional resources will be needed even to safely maintain a three Orbiter fleet.

The Committee on Science and Technology has not yet acted on the NASA budget. However, the two Subcommittees involved have adopted authorization levels without controversy. While I do not anticipate major changes at Committee markup, given today's unsettled situation, there may arise a need to respond to new information.

Let me now report the actions of the Subcommittee on Space Science and Applications and the Subcommittee on Transportation, Aviation and Materials with respect to the NASA budget request for FY 1987. These Subcommittee results are presented in a table which is attached to my statement.

The two Subcommittees decided to move ahead with their markups for two two reasons, particularly.

> --We do not know then the Administration will make its decisions about a replacement Orbiter and related matters and when, or if, they will request supplemental funding for a replacement Orbiter.
>
> --The clock is running. The budget process will move ahead and we wanted to make timely input into both congressional and executive decisions.

We have assumed six guiding principles in the actions that have been taken this year.

We assumed the need for major extraordinary supplemental funding in order to enable NASA to recover from the accident. Major funding will be needed to make the three-Orbiter fleet safe to fly and will also be needed to procure additional space transportation capacity which I think should be a replacement Orbiter. We feel strongly that such supplemental funding in response to the accident should be over and beyond the normal program funding carried in the President's request. We face a national emergency--this is not just a NASA problem.

A corollary to this is our belief that the agency should not build a replacement Orbiter unless it does receive supplementary funding to cover the cost of such an Orbiter.

The second principle embodied in the bill is fiscal restraint. We have stayed within the President's request level for regular programs in recognition of the today's fiscal difficulties. This is in spite of the fact that there are many valuable programs--especially in the science area--in which a great deal more money could be fruitfully spent.

I might also point out that within this level of funding there would be some net savings due to the accident which could be applied toward the costs of making the Shuttle fleet safe to fly. These savings are the net of extra costs that arise due to launch delays and savings that develop as a result of not flying the Shuttle.

The third principle embodied in the bill is that the worthwhile programs proceeding on schedule should not be terminated half-way through their development. Therefore, we have put funding into the budget--by trimming some other programs here and there--to continue the Advanced Communications Technology Satellite (ACTS) program. This program was originally put into the budget by the Congress several years ago and our reasons for doing so are still valid. We believe ACTS will greatly strengthen our international competitive position in the high-technology field of satellite communications.

The fourth principle embodied in our action is to maintain a balanced program of science and applications. Therefore, to the extent possible we protected funding for science and applications programs. Our actions would not cut funding compared to FY 1986 levels, although in some cases we did reduce the rate of growth for programs.

Fifth, we also signaled our full support for the Space Station program by authorizing the full amount requested. This assumes that the Space Station development program will remain on schedule and that all the requested funding will be needed in FY 1987. In any case, we do believe that phase C/D development should begin in FY 1987 even if it must do so at a rather low rate of funding.

Sixth and finally, the Subcommittee actions have left intact the funding levels in the Space Shuttle operations programs in recognition of the fact that these programs are the areas where most of the costs of recovering from the accident will accrue.

The tables attached to my statement show the specific changes recommended by the Subcommittee to each program.

I'd be pleased to answer any questions you may have.

Our point of departure is the NASA budget request. I would now like to walk quickly through the changes that the Subcommittee made to NASA's request. We reduced Space Transportation Capability Development by $15 million, proposing to take $5 million from the Spacelab development and operations program, $5 million from the payload operations and support program, and $5 million from the Orbital Maneuvering Vehicle development program. We feel that the first two of these can easily be accommodated because of the reduced Shuttle flight rates in FY 1987 as a result of the accident and that the OMV development can stand a reduction of $5 million from its reserves.

We reduced the $74.7 million request for Life Sciences by $4 million, reducing the rate of increase over the FY 1986 level.

Solid Earth Observations we propose to reduce by $5 million, taking the funding out of the Geodynamics program.

The Environmental Obervations request of $367.9 million is reduced $10 million, which would be taken out of the TOPEX development program. This would result in a slower start for the TOPEX development. We believe that TOPEX is a very worthwhile program and this reduction is made without prejudice.

Materials Processing in Space had a large growth this year and we reduced that growth by $3 million.

We increased the Communications request from $19.5 million to $114.5 million an increase of $95 million. This increase was necessary to restore the ACTS program to the budget.

We took a $3 million reduction in the information systems program.

We took $5 million from the Commercial Use of Space Program leaving a healthy growth in that area.

Space Research and Technology requested $180.2 million which we reduced by $12 million still leaving a significant increase over FY 1986.

We took $12 million from Space and Ground Networks, Communications, and Data Systems with instructions that this should be taken from the Communications and Data Systems program.

We took $15 million from the Construction of Facilities program with instruction that this should be taken, insofar as possible, by cutting discrete projects and that no cuts should be made in the rehabilitation and modification account.

Finally we took $8 million from Research and Program Management with instruction that this should be taken from the Operation of the Installation account.

Next I will turn to the actions taken by the Aviation Subcommittee, which considered two specific line items in NASA's budget request: Aeronautical Research and Technology; and Transatmospheric Research and Technology.

In the former category, the Subcommittee was guided by the advice of the Congressional Aeronautical Advisory Committee. This group, composed of twenty leading technical experts from the aeronautical community, reviewed NASA's proposed aeronautical program for FY 1987 in considerable detail. They spent a total of eight days during the fall and spring, evaluating each of NASA's 70 aeronautical research projects.

The results, in contrast to last year's review, showed that within the resources available, NASA has a well-balanced program that meets the long-term needs of its customers, the military services, and the civil aircraft industry. Largely as a result of this strong endorsement, the Aviation Subcommittee recommended approval of NASA's budget, as requested.

The other line item, Transatmospheric Research and Technology, is NASA's contribution to the National Aerospaceplane Program, a joint DOD/NASA research project to develop and demonstrate technology capable of extended hypersonic cruise in the upper atmosphere or single-stage-to-orbit operation.

In reviewing this project, the Subcommittee focused on two fundamental issues:

1. Why should NASA be involved?
2. Why start now?

In addressing the first question, the Subcomittee was mindful of the strong military interest in hypersonic technology and considered the advisability of insisting that DOD fund the project totally. High speed aeronautical technology, however, has several potential civil applications, including a possible next generation space transportation system and a commercial transport. The Subcommittee felt that NASA's deep involvement in all the early phases of research and technology development was essential to assuring these potential applications receive adequate attention.

With regard to the second question, the Subcommittee found that work must begin now if airbreathing technology is to be considered as a realistic option for heavy lift space transportation systems that will be needed by both military and civil space users in the late 1990s.

For these reasons, the Subcommittee recommended the full request for Transatmospheric R&T.

NASA FY 1987 SPREAD SHEET
(In millions of dollars)

Program	FY 1987 Request	Subcommittee Action Change from Request
Total: NASA Budget	$7,694.4	$ 0.0
RESEARCH AND DEVELOPMENT		
Space Station	410.0	0.0
Space Transportation Cap. Dev.	465.5	-15.0
Physics and Astronomy	539.4	0.0
Life Sciences	74.7	- 4.0
Planetary Exploration	323.3	0.0
Solid Earth Observations	74.1	- 5.0
Environmental Observations	367.9	-10.0
Materials Processing in Space	43.9	- 3.0
Communications	19.5	+95.0
Information Systems	21.2	- 3.0
Technology Utilization	13.3	0.0
Commercial Use of Space	32.0	- 5.0
Space Research and Technology	180.2	-12.0
Tracking & Data Advanced Systems	17.1	- 3.0
SPACE FLIGHT, CONTROL & DATA COM.		
Space Shuttle Prod. & Cap. Dev.	745.4	0.0
Space Transportation Operations	1,524.7	0.0
Space and Ground Network, Com.	798.9	-12.0
CONSTRUCTION OF FACILITIES	181.3	-15.0
RESEARCH AND PROGRAM MANAGEMENT	1,441.0	- 8.0

Note: This table does not include actions for Aeronautics.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESS

HON. BILL NELSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA, AND CHAIRMAN, SUBCOMMITTEE ON SPACE SCIENCE AND APPLICATIONS

Mr. **Boland**. The Committee also welcomes Congressman Bill Nelson from Florida, who is the Chairman of the Space Science and Applications Subcommittee of the Science and Technology Committee and also, of course, was on the Columbia flight. We are delighted to have you here.

If you have something to add, we would be pleased to hear you.

Mr. **Nelson**. I would say amen to what the Chairman has said. I might add that since it is pretty obvious that the problem on Challenger was the right solid rocket booster, they are looking at an estimated $350 million to $450 million to fix it.

So, if somebody is saying that since NASA isn't flying all that much now, therefore, NASA is going to be saving a lot of money, including in fiscal year 1986, you have got to remember the add-backs because of the additional cost of such things as all the ground tracking stations that we have got to keep alive since we didn't get the TDRSS satellite up.

In addition, there is the cost of keeping the Galileo and Ullyses in condition, and the lost revenue from the users since NASA is not flying. When you add that up, you have a net of about $125 million of savings to NASA for fiscal year 1987, but that is before you consider that you have to spend an additional $350 million to $450 million to try to fix and redesign the solid rocket booster.

So I merely add that simply because it has been brought to my attention recently that, despite the argument that NASA has this extra money, it really doesn't. It is not there. That is separate from the issue of the replacement orbiter which Chairman Fuqua has addressed.

Mr. **Boland**. This has not been handled by the full Committee yet, has it?

Mr. **Fuqua**. No, Mr. Chairman. We are waiting to see somewhat what kind of relief we get from the Budget Committee, and maybe within the next 72 hours we will know something.

Mr. **Boland**. I suppose you are waiting also to determine the question of whether or not there will be another orbiter. That, of course, is a policy decision to be made by the Administration and not by the Congress.

Mr. **Fuqua**. That also is a part of our consideration, and hoping that the Administration would make some policy decision on that soon.

Mr. **Boland**. Mr. Chairman, we appreciate very much your statement. It is a fine statement and we appreciate the fact that you walked us through the changes that had been made by your Subcommittee on the NASA budget. As I have indicated, we don't have too many problems between these two Committees and never have. There have been some slight differences.

Let me ask you, though, specifically about, since you will be leaving, one area where I would appreciate your comments, expertise, and knowledge.

This Committee, as you know, has had some very serious concerns about how NASA was proceeding with the design and the development of the space station. It is our strong belief that with the current budget crisis, aggravated by the Challenger accident, that we build a balanced space station. I think you have expressed the same opinion, one that can begin with providing useful scientific data; in short, a station that does not spend resources in such a manner that we end up building a hotel, and once the station is built that we are the housekeepers, but the money will go to the station itself.

This is something we will be paying. This is going to be an expensive program, and we will be paying for it, and we ought to get the benefits out of it. I think NASA has really come toward our thinking on this issue, and I would like to get your judgment on how we ought to proceed in this area.

Mr. FUQUA. Mr. Chairman, that is a very important fundamental issue and my personal view is that, and agreeing with exactly what you have said, we have invited and I think properly so, international participation and cooperation in the program.

I think that is important. This is a big science project, one that I think this country is going to have to look at for other big science projects as they come forth. This is how can we make our money go further involving the international community.

By the same token, I don't think we should just be the maintenance house of a space station, that we should certainly have—it should be construct and also operated in such a fashion with international cooperation.

The United States as the principal stockholder should make sure that we have the opportunity to get the maximum amount of science out of the station as we possibly can and it must be constructed in that fashion because we are putting up considerably more than all the other partners put together.

By that I mean we must have certain management lead in the operation of the space station.

Mr. BOLAND. Because the space station is, as all of us know, going to be a very expensive program, it would be foolish on our part not to use it to enhance our own scientific and technological ability—at the expense of casting it out to some of our friends. That could be a real possibility.

These decisions are going to be made, of course, by——

Mr. FUQUA. These are very important decisions and I have talked with NASA about it and I have talked with Dr. Fletcher about this.

Mr. BOLAND. We appreciate your comments on it, because that is the kind of thinking that this entire Subcommittee is centered on. We recognize that there has to be international cooperation in this area, and at the same time we also recognize that since we are bearing the major cost, or almost the entire cost, to get some of the robotics and arms being built in the station itself, that we should benefit.

Mr. **Fuqua**. You mentioned an important area, robotics. I mentioned the National Science Foundation and some of the efforts we are putting forth in that to enhance robotics within some of our colleges and universities. I think there are certain types of operational-type robotics that will be necessary in the space station, not necessarily the large robotics, but some of the smaller more intelligent machines, that it is absolutely important I think to this country to maintain the lead in that because it has so many civilian applications throughout the country and for a technology base.

Mr. **Boland**. Particularly the brains of the robotics itself.

Mr. Green?

Mr. **Green**. I share in our Chairman's concerns on that point and I want to express my appreciation to all three of you for coming in today and explaining to us what you have done and giving us the benefit of your thoughts. I know you have been agonizing particularly on the problems of NASA as we have and your advice is well taken.

Mr. **Boland**. Alan Mollohan just joined our Committee. He brings a little political expertise. His dad served, and we are delighted to have him on the Committee. I am sure that you will hear a lot from him in the years to come.

Let me thank you for coming. Again let me emphasize the fact that the relationship that we have had personally, you as Chairman of one of the most important Committees in the House, and the Chair of this Committee, is that we have gotten along very well over the years because I think we understand the programs and we are able to communicate with each other very well. That goes for all the Members at this side of the table.

We have enjoyed working with you, Mr. Fuqua—have you been 24 years on this Committee? Put another 8 on, and it will be 32 for me.

In any event, I don't think any of the 13 Subcommittees gets along any better with the authorizing and legislative Committees than we have, and it is really due to the type of people you have on your Committee and specifically to the way you have handled yourself. We appreciate it very much and we are sorry to see you go, but do come back to see us.

Mr. **Fuqua**. I promise you I will not come back to see you.

Mr. **Boland**. Doug and Bill, thank you very much. You will still have Doug and Bill to track in here and they are always welcome, too.

Mr. **Fuqua**. Thank you, Mr. Chairman. We appreciate your compliments and it has been a pleasure to work with you.

NATIONAL SCIENCE FOUNDATION

WITNESS

WILLIAM V. D'ANTONIO, PH.D., EXECUTIVE OFFICER, AMERICAN SOCIOLOGICAL ASSOCIATION AND CHAIRMAN, EXECUTIVE COMMITTEE, CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS

Mr. **Boland**. We are a little late in getting to the Consortium of Social Science Associations. Mr. D'Antonio, you are the Executive

Director of the Consortium of Social Science Associations? Please proceed.

Mr. D'ANTONIO. Thank you, Mr. Chairman.

I am the Director of the American Sociological Association and Chairman of the Executive Committee of the Consortium.

Mr. BOLAND. Everybody today is on NSF. What is wrong with NSF?

Mr. D'ANTONIO. It is a distribution of the funds, sir.

Mr. BOLAND. They have been treated pretty well incidentally. The Administration and OMB treated their request pretty well. You are concerned with the distribution of the funding of about $1,600,000,000.

Mr. D'ANTONIO. Yes, sir.

My name is William V. D'Antonio and I am the Executive Officer of the American Sociological Association and Emeritus Sociology Professor at the University of Connecticut.

Mr. BOLAND. Beautiful area in Connecticut. That university has an excellent reputation. What is the student enrollment?

Mr. D'ANTONIO. Twenty thousand.

Mr. BOLAND. What is the split between male and female?

Mr. D'ANTONIO. It is 52 percent female.

I wish to speak very briefly to the statement that I have submitted for the record.

Mr. BOLAND. We will include the entire statement in the record, and we are delighted to have you speak briefly.

Mr. D'ANTONIO. While the budget proposed for NSF in 1987 includes a 14 percent increase for the sciences, generally the members of COSSA are not satisfied with the distribution; that is the point I wish to speak to. It is precisely because of NSF's Director Eric Bloch's commitment to research that will provide the kind of knowledge that will propel the United States forward in the world competitive market in the decade ahead, that I believe the contribution of the social behavioral sciences and the budget allocated to them is not sufficient.

If the budget for 1987 goes through as proposed, the disciplines will receive only four percent of the total. In 1980, we were receiving six percent of the total, so we have never really caught up.

I believe that is unsatisfactory because of the contribution that the social behavioral sciences have made, and can make, to the national well-being.

So I would strongly urge that this Subcommittee include language directing NSF to spend at least five percent of the research and related activities budget on social and behavioral science research. I think this amount is easily justified when we consider the kind of contributions the behavioral sciences have made.

Mr. BOLAND. You say increased from four to five? How much would that mean in terms of dollars?

Mr. D'ANTONIO. Whatever it is, I think it is maybe $14 million.

Mr. BOLAND. It is?

Mr. D'ANTONIO. That is a modest amount when you consider where we were in 1980.

Two examples, I think, illustrate the contributions that are sometimes overlooked. One would be the area of population and demographics.

When I was finishing my doctoral work, I became aware of a group of scholars representing demography and mass communications who were in the process of developing a systematic approach to research around the world that has altered our way of receiving developing and developed countries, and as a result, has helped us to understand both the problems of an aging population like in the U.S. and the problems of a country like Mexico, where half its people are under age 15.

It seems to me the economic implications of this research illustrate very well the importance of the contribution of the social sciences area in the last 30 years.

And secondly I would point to the auto industry as another dramatic example. It is ironic that it was not the Japanese and the Swedes who developed the research that has so dramatically altered the production methods in plants, but people like Robert Guest and Charles Walker with studies of the man on the assembly line in the fifties, and Robert Demming with quality control techniques, who have been the cause of the revolution.

Japanese and Swedish officers of corporations were more attentive to social science research, and were aware of the revolution in the process of work formation and work groups that has taken place in the auto industry as a result.

My conclusion would be that the lesson of these experiences is not that we should try to prevent foreign countries from reading our research and benefiting from it, but that we should develop our appreciation in the social sciences into areas like this.

I note the contribution of Representative Doug Walgren.

Mr. BOLAND. I recognize the contribution this has made over the years because at times the behavioral sciences have been supported by this Committee when no one else was looking at them.

Let me ask you, where would you like to take the one percent from in the NSF budget?

Mr. D'ANTONIO. I would say it might be taken from any combination of the other disciplines.

Mr. BOLAND. That is a fair statement I might say.

Mr. D'ANTONIO. I don't know who is sitting behind me. I believe that we have earned it.

[The following was provided for the record:]

CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS
1200 Seventeenth Street, N.W., Suite 520, Washington, D.C. 20036 • (202) 887-6166

May 6, 1986

Honorable Edward Boland
Chairman
HUD-Independent Agencies Subcommittee
House Appropriations Committee
H-143 The Capitol
Washington, DC 20515

Dear Representative Boland:

I am writing to clarify a point made during testimony I delivered to the Subcommittee yesterday on the FY 1987 appropriations for the National Science Foundation.

As you may remember, I testified in support of the Subcommittee directing the NSF to allocate 5% of the Research and Related Activities budget to social and behavioral science research. You asked me where I would get the money for what would be a 1% increase in the social and behavioral science allocation. My off-the-cuff response was that you should get it "from all the other disciplines."

On reflection, I should have reiterated COSSA's strong support of the actions of the House Science, Research and Technology Subcommittee, chaired by Representative Doug Walgren, which reallocated funds from the Antarctic program to increase support for both science and engineering education and social and behavioral science research.

I hope the record might reflect this clarification. If not, I hope you will remember it during your deliberations on the appropriation for NSF.

Thank you for your time and attention. I also appreciated your kind words for the University of Connecticut and my summer suit.

Sincerely,

William V. D'Antonio
Executive Director
American Sociological Association

American Anthropological Association • American Economic Association • American Historical Association • American Political Science Association
American Psychological Association • American Sociological Association • American Statistical Association
Association of American Geographers • Association of American Law Schools • Linguistic Society of America

Mr. **Boland**. Thank you very much. We will include your whole statement in the record.

Bill?

Mr. **Green**. No questions.

Mr. **Traxler**. No questions.

Mr. **Boland**. Thank you very much.

[The statement of Mr. D'Antonio follows:]

CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS
1200 SEVENTEENTH STREET, N.W., SUITE 520, WASHINGTON, D.C. 20036 • [202] 887-6166

TESTIMONY OF WILLIAM V. D'ANTONIO, PH.D.

EXECUTIVE OFFICER

AMERICAN SOCIOLOGICAL ASSOCIATION

A statement prepared on behalf of the

Consortium of Social Science Associations
(COSSA)

on the

FY 1987 APPROPRIATION FOR THE
NATIONAL SCIENCE FOUNDATION

Prepared for the

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

HOUSE APPROPRIATIONS COMMITTEE

The Honorable Edward Boland, Chairman

May 6, 1986

American Anthropological Association • American Economic Association • American Historical Association • American Political Science Association
American Psychological Association • American Sociological Association • American Statistical Association
Association of American Geographers • Association of American Law Schools • Linguistic Society of America

Mr. Chairman, Members of the Committee. My name is William V. D'Antonio and I am the Executive Officer of the American Sociological Association and Emeritus Professor of Sociology at the University of Connecticut. In addition, I serve as Chairman of the Executive Committee of the Consortium of Social Science Associations (COSSA) which represents more than 185,000 American scientists across the full range of the social and behavioral science disciplines. COSSA functions as a bridge between the research world and the Washington community. A list of COSSA Members, Affiliates, and Contributors is attached.

I am here this afternoon to discuss the appropriation for the National Science Foundation (NSF) for FY 1987. The overall increase of 13% over FY 1986 post-Gramm-Rudman-Hollings levels proposed for NSF is indeed welcome in this era of deficit reduction. Maintaining the investment in basic research is essential to the economic competitiveness and security of this nation. Investment by the Foundation in social and behavioral science research demonstrates a recognition of the substantial contributions these sciences make to those important national goals. Reducing this commitment would decrease the quality of our scientific endeavors and inventiveness.

The 14% increase for Research and Related Activities in FY 1987 over FY 1986 post-Gramm-Rudman-Hollings levels is also welcome. We strongly urge the maintenance of that increase during the Committee's deliberations. Although they are not as substantial as the increases proposed in FY 1986, the increases for FY 1987 in the Division of Social and Economic Science and the behavioral science programs in the Division of Neural and Behavioral Science reflect continued support for these disciplines. We are quite pleased with the substantial increase for the Division of Information Science and Technology where approximately 40% of the awards go to social and behavioral scientists.

We are also pleased that the social and behavioral sciences will share in some of the special emphases of the Foundation for FY 1987. The Decision and Management Science program's increased funds for risk assessment and the continued support for more sophisticated computerization of the social and behavioral science data bases, are indications of NSF's involvement of the social and behavioral sciences in its targeted research priorities. COSSA is also encouraged by Director Bloch's commitment to a role for social and behavioral scientists in the multidisciplinary projects at the Engineering Research Centers.

Despite all this pleasure, we are not satisfied. The fact is, that even if the FY 1987 proposed funding levels are maintained, the social and behavioral sciences will only have been restored to their FY 1980 levels in current dollars. In reality, support for these sciences at NSF is 27% below the 1980 levels in constant dollars (see Exhibit A). Moreover, in FY 1987 we remain at only 4% of the NSF research and related activities budget, a figure that has declined over the past four years, and is a full 2% under the FY 1980 share of that budget.

COSSA believes that the Subcommittee should include language directing the NSF to spend at least 5% of the Research and Related Activities budget on social and behavioral science research. We believe this is a justifiable goal given the intellectual vitality and ferment in these sciences and their importance to the nation.

We are also not satisfied with the small increase for the Directorate for Science and Engineering Education (SEE). For too many years now the Foundation has stalled in supporting a full and vital SEE Directorate. The small increase proposed for FY 1987 comes on top of a deferral of FY 1985 appropriated funds. This Directorate which supports research in teaching and learning and the education and training of new scientists deserves greater support than it is getting from the Foundation.

Mr. Erich Bloch, Director of the National Science Foundation, argues in favor of basic research "as a force for present and future competitiveness" of the United States. It is clear that social and behavioral science research plays a vital role in competing in an international economy driven by science and technology. Economic competitiveness is achieved not only by developing new and better products, but also by understanding how to interact with those products, how to use them, how to manage the people who make them, in other words, the human behavior side of technological advancement. It is in these areas and others that social and behavioral science research offers the nation the resources and results to compete.

A sampling of the scope and nature of work in these sciences indicates the contributions, those already made and those with great potential, that continued and increased support from NSF will foster:

- Utilizing basic research on fertility and mortality patterns, a major cross-disciplinary effort over the past 30 years has created the knowledge base on population dynamics to aid the nations of the underdeveloped world to understand the impact of population policy on their economic growth and education and social policies. In this era of an internationalized economy and interdependent world the implications for the U.S. economy of the application of this research are clear. It also significantly affects migration stresses and strains on the United States.

- Advances in theoretical economics and econometric modeling have led to advances in economic forecasting and economic policy. Although economic forecasting is not perfect, these advances have narrowed the range of disagreement among economists in their ability to help policy-makers. As Herbert Simon has pointed out, the major differences that remain result from different assumptions about how people form expectations, a question that is now the focus of much social and behavioral science research.

- Great advances in statistical techniques, such as multidimensional scaling, have produced sophisticated methods of data analysis. These techniques continue to undergo improvement. Refinements in survey research methodology will produce more accurate indicators upon which many of our economic decisions are based. The access of social and behavioral scientists to new generations of computers will enhance these activities.

- The need to construct computer models of the international economy to adequately monitor its behavior is another activity where economists are playing a significant role in contributing to U.S. competitiveness.

- The theory of rational-decision making remains one of the major accomplishments of the social sciences in the past. Yet recently social scientists have discovered its limitations. The ability to determine how people, from elite policy makers in government and business to the man and woman in the street, make individual choices will strongly affect how the U.S. fares in this competitive world.

- Advances in cognitive psychology have led to experimentation that helps us understand how people process information and perform complex tasks. These techniques are being applied to important problems in education, business and professional decision-making, and man-machine interaction. All of these are related to keeping America on top scientifically and economically.

- Advances in the study of sensory perception have allowed us to understand how people perceive complex stimuli. The military is particularly interested in auditory and visual perceptions in order for their personnel to operate in multidimensional auditory and visual environments. A modern military reacting positively in complex environments keeps America secure.

- Linguists are working on models, many of them computerized, of how children acquire and transmit their native language. These studies have led to the development of instruction packages, some computer-aided, to teach our children and others the language skills, both native speaking and foreign, that are needed to compete in an international economic setting.

- Keeping Americans healthy and productive is a major factor in maintaining the competitive edge. The work of social and behavioral scientists in relating good heath to behavioral factors has contributed to increased consciousness of how people control their own quality of life. This is especially true in keeping our rapidly aging population active, productive, and free of dependence on costly health care and maintenance.

- Research on criminal careers and career criminals has developed insights into why a portion of the population decides that illegal productive enterprise is more attractive than legal productive enterprise. America loses substantial dollars and sometimes talent to these illegal activities, creating more competitive disadvantages. Understanding why and developing methods to rechannel these activities can lead to more productive lives for these people and safer lives for everyone else.

- Studies of agenda formation and agenda setting in organizations demonstrate the importance of the agenda itself in decision-making. How issues reach the national agenda of government often determines the response to those issues. External challenges often focus our energies more than internally determined responses.

- How the United States competes internationally depends on our understanding of other governments and cultures. Social and behavioral scientists contribute to that understanding by focusing on international aspects of political, economic, and social choices. Evaluating the impact of different electoral systems on policy making, explaining international economic systems, and examining social and cultural differences of foreign nations have long been the purview of social and behavioral scientists.

- Direct utilization of social and behavioral science research on management styles and worker participation has revolutionized the automotive industry in this country. It is a shame that the Japanese and Swedes paid attention to this research earlier than our American companies. As sociologist William F. Whyte notes, it took the shocks of international competition to persuade industrial leaders in the United States of the need to make basic changes based on the organizational behavior literature.

- Research on the interaction between people and technology has led to attempts to revitalize America's shipping and shipbuilding industries. The work of Einar Thorsrud in Norway involving physically re-designing ships and reducing social and status differences among people on the ships, has formed the basis of changes in human resource utilization in the U.S. maritime industry.

- Social scientists are being called upon by State governments to conduct policy research and technical assistance designed to aid in the revitalization of U.S. industry.

- Examining the impact of Employee Stock Ownership Plans (ESOPs) and worker cooperatives is another example of social science research contributing to better understanding of economic productivity to keep this nation competitive.

A briefer sampling of the research in social and behavioral sciences further suggests the vitality and ferment that make support for these sciences so important to continued economic competitiveness. Topics currently being studied include:

- microsimulation models to help target federal funds to those who most need them;
- human adaptation to stressful environments;
- assessment of risks in occupational settings;
- attracting more women and minorities into science;
- developing computerized models of transporting food from surplus areas to deficit regions in countries around the world;
- youth unemployment; female participation in the labor market; why people change jobs;
- economic constraints on single parent households;
- understanding and predicting human responses to natural and technological disasters;
- comparing the largest metropolitan areas of the country concerning

urban land use, population distribution, transportation use, and other critical urban functions;

- social components of alcohol and drug abuse;
- decision-making by farmers and their response to the agricultural crisis;
- the impact of different housing arrangements on the elderly;
- the impact of inflation and deflation and other economic changes on American families;
- the cognitive capabilities of very young children and ways to cope with a teacher shortage for this group.

These lists are by no means exhaustive. They are presented to illustrate that these sciences are conducting research into all areas of human activity that affect the current and future productivity and competitiveness of this nation. As we said last year, research in social and behavioral science does not always yield the solution to the problems it investigates, but increasingly it provides decision-makers with the information to make better and more informed decisions.

We would like to thank this Subcommittee for its support of the social and behavioral sciences in the past. We call on you to move toward more equitable support for these sciences by increasing their allocation within the NSF budget.

Thank you for allowing us to present our views. I will be happy to respond to questions.

NOTE:
USED FY82 DOLLARS
FROM FY80 ON

HISTORY OF SOCIAL AND BEHAVIORAL SCIENCE FUNDING AT THE NATIONAL SCIENCE FOUNDATION

	FY80	FY81	FY82	FY83	FY84	FY85	FY86 (EST)	FY87 (EST)
SOCIAL AND ECONOMIC SCIENCES (Current Dollars)	$31.4	$25.1	$17.6	$20.3	$24.6	$28.6	$28.6	$31.4
(Constant Dollars)	$37.1	$26.9	$17.6	$19.5	$22.7	$25.5	$24.7	$26.0
BEHAVIORAL SCIENCES(BNS)*-(Current Dollars)	$21.1	$18.5	$15.0	$16.6	$18.6	$23.3	$21.3	$23.6
(Constant Dollars)	$24.9	$19.8	$15.0	$15.9	$17.2	$20.8	$18.4	$19.6
TOTAL BEHAVIORAL AND SOCIAL SCIENCES-(Current Dollars)	$52.5	$43.6	$32.6	$36.9	$43.2	$51.9	$49.9	$55.0
(Constant Dollars)	$62.0	$46.8	$32.6	$35.4	$39.9	$46.2	$43.0	$45.6
GNP Deflators	0.85	0.93	1.00	1.04	1.08	1.12	1.16	1.21

*Includes psychobiology
Source: NSF Budgets to Congress, FY 1976-1985
12/11/84

EXHIBIT A: Source: The National Science Foundation

CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS

Members

American Anthropological Association
American Economic Association
American Historical Association
American Political Science Association
American Psychological Association
American Sociological Association
American Statistical Association
Association of American Geographers
Association of American Law Schools
Linguistic Society of America

Affiliates

American Association for Public Opinion Research
American Educational Research Association
American Evaluation Association
American Society of Criminology
Association for Asian Studies
Association for the Social Sciences in Health
Eastern Sociological Society
Economic History Association
Gerontological Society of America
History of Science Society
International Studies Association
Law and Society Association
Midwest Sociological Society
National Council on Family Relations
National Council for the Social Studies
North Central Sociological Association
Northeastern Anthropological Association
Operations Research Society of America
Population Association of America
Regional Science Association
Rural Sociological Society
Social Science History Association
Society for American Archaeology
Society for the History of Technology
Society for Research in Child Development
Society for the Scientific Study of Religion
Southern Sociological Society
Southwestern Social Science Association
Speech Communication Association
The Institute of Management Sciences

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University of Illinois
Indiana University
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Institute for Social Research, University of Michigan
University of Iowa
The Johns Hopkins University
Massachusetts Institute of Technology
Maxwell School of Citizenship and Public Affairs, Syracuse University
University of Michigan
University of Missouri
University of Nebraska
New York University
University of North Carolina, Chapel Hill
Ohio State University
University of Pennsylvania
Pennsylvania State University
University of Pittsburgh
Princeton University
Rutgers University
Social Science Research Council
University of Southern California
Stanford University
State University of New York at Stony Brook
University of Tennessee, Knoxville
Texas A & M University
Tulane University
University of Washington
University of Wisconsin, Madison
University of Wisconsin, Milwaukee
Yale University

NATIONAL SCIENCE FOUNDATION

WITNESS

DAVID V.B. BRITT, EXECUTIVE VICE PRESIDENT, CHILDREN'S TELEVISION WORKSHOP

Mr. **Traxler** [presiding]. We want to welcome David Britt, Executive Vice President, Children's Television Workshop.

Mr. **Britt**. Thank you, Mr. Chairman.

I would like to submit a longer statement for the record and speak briefly to the point of that statement.

My name is David Britt, Executive Vice President of the Children's Television Workshop. I am here to urge this Subcommittee to appropriate a sufficient level of funds for fiscal year 1987, to enable the National Science Foundation to expand its vital support of science education.

NSF, as part of a long-term plan, provides partial funding at the level of 1.5 million plus dollars per year for 3-2-1 CONTACT, our educational television series that makes science more appealing and understandable to its millions of eight-to-twelve-year-old viewers. Other funders include DOE and CPB.

NSF has also committed $5 million towards the first season of a new Children's Television Workshop series on mathematics, also for eight-to-twelve-year-olds, and plans to support future seasons. The fist season is also funded by DOE, CPB, the Carnegie Corporation of New York, the Mellon Foundation, and IBM, the sole corporate sponsor.

Both series comprise a systematic national attack on the crises in math and science education, but just as this effort is reaching full force, it is threatened by the end of DOE support.

NSF has taken a vital leadership role in enabling 3-2-1 CONTACT and the new math series to go forward, and we need the Foundation to enlarge that role if we are to continue in the future.

NSF's long-term commitment to 3-2-1 CONTACT was to be matched by DOE at $1.5 million plus per year. DOE has fallen short of that level, and plans to provide no support for future years.

Similarly, as we plan for season two of the math series, we had anticipated at least $3 million in Federal funds per year, split between NSF and DOE. Without DOE participation, continuation of the funding consortium is threatened by a loss of at least $1.5 million annually.

Altogether then, this cost-effective national effort to help improve science and math education faces a gap of at least $3 million per year, even with NSF's present commitments and plans to provide a similar amount each year. Only NSF can fill that gap.

The National Foundation Board recently reported that the United States will lose its edge in economic and technological competition without a very rapid improvement in science, engineering and mathematics education.

The national crises in science and math education begins in the elementary grades. The fact is that most children in this country—especially girls and minorities—are uninterested and turned off by math and science by the time they begin high school.

We can help turn around this situation by providing sustained attention to children's educational television—a mechanism that is already in place—which is highly cost effective; for example, 3-2-1 CONTACT costs only one penny per person per viewing—and is available and appealing to rich and poor, girls and boys alike.

Positive motivation, interest and a sense that they can master these subjects need to occur in the elementary years. That is precisely what 3-2-1 CONTACT and our math series do.

And CTW works hard to ensure that our programs have an impact beyond the screen by providing teacher guides, teacher training workshops, programs with science museums, and national organizations such as the Girls Scouts as well as science clubs for children.

Math and science illiteracy is a national fact of life, but there are no television illiterates; children watch on average 27 hours per week, as much or more time as most spend in school.

With your support we have shown that children's television can be constructively educational and very cost effective. Our own programs, such as Sesame Street and 3-2-1 CONTACT have proved that children will watch, pay attention to, and learn from, educational programming carefully designed and effectively produced for them.

Federal funding is essential to continued production of 3-2-1 CONTACT and our math series, and NSF stands as the only reliable Federal funding source for these television efforts in science and math education. We need your help to sustain and build on the progress already achieved.

On behalf of America's children, we urge you to enlarge your support for NSF's science education program.

Thank you.

Mr. TRAXLER. Thank you, Mr. Britt.

Any comments from the Committee?

Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman.

Do you have any studies which would sustain the belief that in fact as a result of the public children's television programming, most children who watch it are more likely to go into the sciences or do better in high school?

Mr. BRITT. There isn't much hard data yet. We are now in our fifth season of 3-2-1 CONTACT. There is a slight upturn in the number of kids who are taking science and math subjects, but I think I would be wrong, Mr. Chairman, to attribute that directly to 3-2-1 CONTACT. It is too early to say. This is a long-term process.

Mr. GREEN. Has any data developed out of Sesame Street or the Electric Company?

Mr. BRITT. In terms of Sesame Street and Electric Company, both of those we were able to do large-scale research efforts on and in both cases we got significant long-term educational gains from those who viewed the shows compared with those who did not. It is hard to do that with Sesame Street anymore because you can't find a control group, and the Electric Company is off the air.

In short-term gain from 3-2-1 CONTACT, that supports the notion that interest and motivation goes up and that learning takes place. Whether that is going to hold in the long term I can't assure you.

Mrs. **Boggs**. Mr. Chairman.

Mr. **Traxler**. Mrs. Boggs.

Mrs. **Boggs**. This is very informal and I don't remember the name of the group that did the testing, but there is such an interest now in science and math education for the youngest children that all the popular magazines have stories about it. I was astonished to discover yesterday that *Better Homes and Gardens* had an entire story on it in the May issue. Apparently there is some type of testing that has been done about the science and math literacy of different age levels of young people. They have found within the last couple of years that starting with the seventeen-year-olds and going down, there is more literacy the younger they are and math and science literacy is highest among the nine-year-olds, so there must be some correlation.

Mr. **Britt**. In that case, Mr. Green, I withdraw my comment. We did it all.

Thank you, Mrs. Boggs.

Mrs. **Boggs**. You understand my prejudice.

Mr. **Britt**. I do indeed.

Mr. **Traxler**. It is interesting that out of today's outside witnesses, of some 28 persons representing various educational institutions and organizations, two-thirds of the witnesses are here on behalf of the National Science Foundation, an interesting number. We are appreciative of the good work that you do in the children's programming area, and in my more perfect world, this would be a responsibility of the government, and we might even find a way to do that by taxing what is commonly called commercial television which is not unheard of, such as taxing advertising.

That is on the record.

Mr. **Britt**. It has been done in other countries and with some success.

Mr. **Traxler**. Certainly we have a responsibility to the future leaders and policymakers in this society of ours to see they are equipped to perform those responsibilities.

Mrs. **Boggs**. The National Science Foundation does have an interest in educating the teachers of the middle schools or junior high schools as they are called in some places, so the teacher aids that you have developed, it would seem to me, would be the most helpful tools of all.

Mr. **Britt**. Yes, we have found that teachers really use those guides, and use them as education for themselves, because a lot of them don't have basic training in science. Our *Science Magazine* is very popular among elementary science teachers all over the country and just won our first Nobel television award, the National Magazine Award.

Mr. **Traxler**. Thank you very much.

[The statement of Mr. Britt follows:]

Testimony by David V.B. Britt
Executive Vice President
Children's Television Workshop

Before the House Appropriations Subcommittee
on HUD-Independent Agencies
Tuesday, May 6, 1986

Subject: National Science Foundation/Science Education

Mr. Chairman and members of the Subcommittee:

Thank you for the opportunity to appear before you today. I am here to urge this Subcommittee and the Congress to appropriate sufficient funds for fiscal year 1987, to enable the National Science Foundation to expand its vital support of science education, including math, a basic building block of science literacy.

Children's Television Workshop has a direct interest in these appropriations. The National Science Foundation (NSF) provides partial funding, at the level of $1.5 million plus per year, for 3-2-1 CONTACT, our educational television series that aims to make science more appealing and understandable to its millions of 8-to-12 year-old viewers.

The NSF has also commited $5 million toward the first season of SQUARE ONE TV, a new Children's Television Workshop series on mathematics, also for 8-to-12 year-olds. And planning is underway for a second and following seasons to sustain the momentum of season one and build a substantial library of math programming. This new mathematics series will help address the national crisis in math education by using the power and impact of television:

- -- to promote enthusiasm for and interest in mathematics;
- -- to encourage the use and application of problem-solving strategies in mathematics;
- -- and to present sound mathematical content in an interesting and meaningful way.

SQUARE ONE TV will be suitable for viewing both at home and in the classroom, and teacher guides will be made available. The anticipated airdate is January 1987. As with 3-2-1 CONTACT, the series will be broadcast by most public television stations around the country both during the day for in-school use and in the late afternoon for home viewing.

In addition to the $5.0 million provided by NSF, the Corporation for Public Broadcasting and the Department of Education have each committed $3.0 million to the first season of the math series. Support is also being provided by Carnegie Corporation of New York, the Andrew W. Mellon Foundation and the IBM Corporation. Federal funds are crucial in leveraging private monies into a project of this type. With federal support in place, our discussions with IBM resulted in a major production grant from them, and IBM is the first corporation in a long time to make a large commitment to children's programming.

But the success of funding for Season One appears to be tragically short-lived. As we look forward to Season Two it is evident that the Department of Education is not likely to continue its participation, thus breaking down the funding consortium essential for continuation. We had envisioned an ongoing Federal contribution to the math series of at least $3 million per year, split between NSF and DOE. Without DOE support the project faces a gap in future years of at least $1.5 million per year. Only NSF can fill this crucial gap.

Regarding our children's science series, 3-2-1 CONTACT, the National Science Foundation made a five year commitment to provide $1.5 million plus each year. The planned funding effort had included matching money from DOE. However DOE has fallen short of that match, and does not plan to provide any funds at all the next two seasons.

This lack of continuation funding from DOE is seriously threatening our ability to continue production of the minimal 20 shows per year. This is particularly bad news when, for the first time, we are in a position to be able to begin to put together a daily hour of educational programming for 8-to-12 year-olds (a half-hour of math and a half-hour of science, 3-2-1 CONTACT).

Altogether then, this national attack on the crisis in math and science education faces a gap of at least $3 million per year, even with NSF's present commitments and plans to provide a similar amount each year.

The new math series is the first significant addition of new programming to the PBS children's block since 3-2-1 CONTACT started in 1980. And this children's block is the only sustained educational programming available for children. Since children are going to watch television anyway, it is crucial to provide and sustain informative age-appropriate programming for them.

The NSF has taken a vital leadership role in enabling these two series to go forward and we will need the Foundation to enlarge that role if we are to continue in the future.

A report issued in March by the prestigious National Science Foundation Board states "The deterioration of collegiate science, mathematics and engineering education is a grave and long-term threat to the nation's scientific and technical capacity, its industrial and economic competitiveness, and the strength of its national defense." The report says that fewer students are choosing careers in science and engineering, that certain specialties are not attracting the entrants they need and that enrollment in teacher education in mathematics and the sciences is "critically low."

Mr. Chandler, President of the Association of American Colleges said "The United States cannot keep its technological edge and its edge in economic competition unless there is very rapid improvement in education in science, engineering and mathematics."

The above mentioned report focuses on the college level. However, the national problem with scientific and math literacy starts at the elementary grades. The fact is that most children in this country — especially girls and minorities — are uninterested and turned-off by math and science by the time they begin high school. Positive motivation, interest and a sense that they can master these subjects needs to occur in the elementary years.

These, of course, are precisely the goals of 3-2-1 CONTACT and our math series. Television can supplement work in the schools, and do things visually in these subjects which most schools simply cannot.

Each week on average 4 million viewers watch 3-2-1 CONTACT at home. With the combination of some new programs each year and repeat airings of earlier seasons, 3-2-1 CONTACT costs only one penny per-person per-viewing.

Children's Television Workshop works hard to ensure that our programs have an impact beyond the screen. 3-2-1 CONTACT Teacher's Guides are provided and teacher training workshops conducted around the country. Over 750,000 copies of the Teacher's Guide have been distributed so far. Strong participatory activities are taking place with a variety of organizations such as science museums and the Girl Scouts of America. Science clubs for children based on the series are also gaining momentum with club packages and activity guides being provided. Similar activities will take place around the math series.

Children are a very under-served portion of our population. Senator Moynihan's new book "Family and Nation" points out the declining condition of this nation's children, which is largely a result of the changing family structure, specifically the increase in the number of single-parent families. They are the "new" poor of our country.

We can help them by giving sustained attention to children's television — a mechanism that is already in place to provide educational programming. It is a highly cost effective means of supplemental education — available and appealing to rich and poor -- girls and boys alike.

It is vital to increase the momentum of constructive programming at a critical time in our children's lives.

Math and science illiteracy is a national fact of life, but there are no television illiterates -- children watch it every day. From six to eleven years-old, on average they watch 27 hours per week -- as much, or more, time as most spend in school.

Our choices are not limited to trying to mitigate the widely perceived bad effects of television for children. With your support we have shown that childrens television can be constructively educational. Our own programs -- SESAME STREET, THE ELECTRIC COMPANY, 3-2-1 CONTACT, as well as other educational programs, have proved that children will watch, pay attention to and learn from educational programming carefully designed and effectively produced for them.

Federal funding is essential to ensure the production of programs such as 3-2-1 CONTACT and our math series. The National Science Foundation stands as the essential federal funding source for these television efforts in science and math education. With your help they can sustain and build on the progress already achieved.

On behalf of America's children we urge you to enlarge your support for NSF's science education program.

Thank you.

NATIONAL SCIENCE FOUNDATION

WITNESS

GEORGE PAGE, DIRECTOR OF SCIENCE AND NATIONAL HISTORY PROGRAMMING AT CHANNEL 13 IN NEW YORK CITY, ON BEHALF OF THE NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

Mr. TRAXLER. Mr. Peter Fannon is here now.

Mr. PAGE. I am George Page, here in place of Peter Fannon. I am the Director of Science and National History Programming at Channel 13 in New York City.

My department produces a weekly natural history series called "Nature," and other science programs.

Mr. TRAXLER. One of my favorite programs.

Mr. PAGE. Thank you. I am delighted to hear that.

Mr. TRAXLER. I want your autograph for my daughter.

Mr. PAGE. I would be most happy to address it to your daughter personally.

Mr. Chairman, with your permission, I would like to present the written testimony of Peter Fannon, President of the National Association of Public Television Stations.

Thank you very much, Mr. Chairman, and Members of the Committee for the opportunity to testify on behalf of adequate funding for the National Science Foundation. The problem of science literacy in our country is well known. It affects the nation in terms of formal education at the high school, college and graduate level and it affects the general public.

Americans need to know about scientific advances that ultimately will affect their lives. The gap between what scientists are doing and public awareness of their work still exists. It is because of the problem of science literacy, or more appropriately science illiteracy, that WNET-13, the New York metropolitan area's largest public television station, has made it a top priority to produce television programs for national distribution with the Public Broadcasting Service, which addresses the critical need for compelling science educational materials for the general public, high schools, colleges, universities and for graduate-level study.

Our first effort was a public television series of eight one-hour television programs called "The Brain," designed to convey in an accessible manner the tremendous advances that have occurred in the neurosciences over the past 15 years or so.

I had the privilege to be the executive in charge and the host of that series, and in spite of that handicap, I believe the series has been judged a great success by virtually all the measures by which such success can be measured.

"The Brain" never would have been produced without the support of the National Science Foundation. After careful review of our proposal, NSF gave us our very first funding grant, and it was not the amount of that grant, important as it was, which was most important in the end. The amount was $200,000, but that $200,000 eventually triggered the more than $6 million needed to produce "The Brain" series and its related educational materials.

The important thing in this case was NSF's seal of approval. The NSF grant led to additional funds from the National Institute of

Neurological Communicative Disorders and Stroke and funding from others.

We are now planning a sequel to "The Brain" called "The Mind," which will take up where the first series left off and continue to explore the major advances occurring at great speed within the neurosciences and neuropsychology.

Again, our very first funding, a grant of $500,000, has come from the National Science Foundation, which has already triggered another $5 million toward our required total funding of almost $8 million.

A very brief review of the educational impact of "The Brain." The series formed the basis for a introductory college course on brain science entitled "Brain, Mind and Behavior." Students in this course watched the eight TV programs and read a major new textbook written in conjunction with the series.

In its initial offering, "Brain, Mind and Behavior" was adopted by 124 colleges in 33 states, including 20 schools that had never before offered a television-based course.

In all its adopting schools the course attracted high enrollments and an exciting variety of students. If these course materials help to improve the way brain science is taught on the college level, it is partly because they serve a clear need.

Professor Michael Williams of the Neuropsychology Training Program at Memphis State University said before "Brain, Mind and Behavior," there was no polished, up-to-date material for teaching neuropsychology to undergraduates, yet if the course capitalized on a growing interest, it also helped create such an interest.

"The Brain" was also widely used in American high schools.

To coincide with a series rebroadcast, WNET created a high school curricula guide for the series, consisting of teacher and student notes on each program and a poster-size brain anatomy chart.

Two copies were sent free of charge to the science department of every high school in the United States. Thousands of teachers used it to incorporate references to the brain on psychology and health.

So I urge you and your distinguished colleagues to continue your wise support at adequate funding levels for science education through the National Science Foundation.

Thank you very much.

Mr. TRAXLER. Thank you. That was very well stated and congratulations on such a fine program.

Mr. PAGE. Thank you, sir. It has an educational impact as well and I think it does.

Mr. TRAXLER. Mrs. Boggs?

Mrs. BOGGS. I am grateful for your testimony and your contributions.

Mr. TRAXLER. We have a new member of the Committee, Alan Mollohan, who is playing the role of observer and with that kind of attitude, he will be here for many years.

[The statement of Mr. Fannon follows:]

TESTIMONY OF

PETER M. FANNON
PRESIDENT

NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

BEFORE THE

SUBCOMMITTEE ON
HUD - INDEPENDENT AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON

APPROPRIATIONS FOR THE

NATIONAL SCIENCE FOUNDATION, FY 1987

MAY 6, 1986

The National Association of Public Television Stations (NAPTS) is pleased once again to present testimony in support of the important educational programs funded by the National Science Foundation (NSF). Our membership, the nation's public television stations, has utilized funds from NSF directly or indirectly to present to the American public high quality science education television programming. We have been grateful for this important federal support which has responded to the clear need for science and mathematics education nationwide.

The Congress and the American public continue to view with alarm the state of science and mathematics education at all levels from elementary to post-graduate. There continues to be a critical national shortage of qualified math and science teachers, and higher levels of science education are losing ground in their struggle to keep up with technology.

Alarming though these trends may be, there has been in recent years a concerted effort by the government to encourage the study of these vital fields by our nation's young people. An important part of this effort has been the nation's public television stations, whose many science programs continue to attract large audiences at home and in the classroom.

We in public television have seen a tremendous response to the many science programs, some of them supported by NSF, that our stations produce and dsitribute. Science programs distributed by the Public Broadcasting Service (PBS) reach some 18.5 million households -- or 46 million viewers -- in this country every week. Science and nature programs, with subjects ranging from tigers to sharks to the human brain, represent the top four spots on the list of all time most-watched PBS evening programs. And, taken as a group, science programming on public television geared for all age and education levels attracts more viewers than public affairs or cultural and entertainment programming.

By providing innovative, high quality science programming tree to its viewers, public television is not only filling a void for this kind of programming not found regularly on other stations, but it is responding to the hunger the American people have for science education.

Our eight-part landmark series The Brain, partially funded by NSF's Science and Engineering Education Directorate (SEE), first ran in 1984 to wide critical and academic acclaim, and is currently in its second showing on most public television stations. This series' overwhleming success has pointed very clearly to how the cooperative efforts of the federal government's science-related agencies and the public television system can combine to produce needed, academically-oriented and well-received science programming.

Due to its extraordinary success, a sequel to the series entitled The Search for Mind has now commenced in production for a projected airing in the 1988-89 season. The new series will focus not only on the science of the brain itself, but on what role the brain plays in human development. The interdisciplinary approach used will feature such topics as aging, addiction, communication, and thinking.

WNET/New York, the producer of the series, has already received an extraordinary advance commitment of $1 million from the nation's public television stations to purchase and carry the series when it is completed. More important, however, is the commitment of $500,000 the series producer has received from NSF. The highly technical nature of the series, involving the consultation of top-level scientists and the use of advanced video animation, translates into high production costs, in this case estimated at over $8 million for nine one-hour programs. The importance of the support of the NSF in such a monumental undertaking cannot be overestimated.

The original The Brain series has been adapted for use by many two and four-year colleges and universities as a credited course, "Brain, Mind, and Behavior." Its successor will also be used for strictly educational purposes during and after its original broadcast for both secondary and post-secondary institutions.

The weekly science series NOVA produced by WGBH/Boston received initial important NSF support in 1972 and was continually nurtured by the NSF until our stations could afford the programs' costs themselves. Three NOVA programs appear on the list of most-watched programs in PBS history; the series is regularly seen by as many as 20 million Americans per broadcast. Nearly 95,000 high school teachers use the series to educate over 10.5 million students natiowide, making them the most widely used PBS programs as instructional television in our nation's schools.

In the area of children's science and math educational television, the NSF has helped make possible the development and production of 3-2-1 Contact and a new math series to premiere next year. Both of these series are geared to the 8 to 12-year-old viewer, and both are produced by the Children's Television Workshop, producer of Sesame Street and The Electric Company.

3-2-1 Contact is carried on 218 of our public television stations and is seen by 7.5 million viewers each week. NSF provides partial funding for the series, $1.5 million per year, along with substantial funding help from the U.S. Department of Education in order to allow for the yearly production of new episodes to the series. The series is designed not only to educate young people in science subjects, but also to encourage their interest in scientific study. Over 750,000 elementary school teachers receive the program's companion teacher guide, and science museums and schools have established weekend activities to support and extend the enthusiasm created by the program.

A new funding commitment from the NSF will allow another of public television's very successful children's series to expand its scope. Reading Rainbow, the highly acclaimed summer reading series hosted by LeVar Burton is co-produced by Great Plains National Instructional Television Library and public TV station WNED-Buffalo, New York, in association with Lancit Productions, New York City. This series has now received a commitment from NSF to add special science programs to the series. NSF is awarding the series $200,000 in this fiscal year for five new programs featuring science reading, and another $200,000 for five more for next year. Other major funders include the Corporation for Public Broadcasting (CPB), B. Dalton Booksellers, and the Carnegie Corporation.

Reading Rainbow has already prompted measurable interest in summer reading by children nationwide. According to the results of a survey completed by RMC Research of children's librarians, 46% of those surveyed reported an increase in summer reading prompted by the series, 67% of the librarians attributed at least some degree of increase in book circulation to the series, and most importantly, 75% believed the series also stimulated parents' interest in children's reading. The results of this national survey paint Reading Rainbow as an unqualified success from the perspective of children's librarians and energetic in the sense of overall activity in homes and libraries as children and parents have made the connection between television viewing and the enjoyment of reading good books.

With the addition of new science programs to the series, it will be possible to generate more enthusiasm for science reading and learning during the school vacation months.

We are all too well aware of our need to upgrade science teaching nationwide. From our perspective in public television, this situation is as unfortunate as it is unnecessary. The program production and distribution capabilities of this nation's educational television system offer a unique resource for the improvement of elementary and secondary science and mathematics education on a wide scale and in a cost-effective manner. Because our system reaches about 95% of the U.S. population, it is especially well-suited to reaching vast numbers of people as well as targeting specific pockets of students. Public television stations can develop and provide a comprehensive package of teacher-training materials--programs that can be used as in-service teacher training or as college-credit courses.

This kind of programming in cooperation with individual public television stations has been supported by NSF in the past. One series currently available for distribution to colleges and teachers was produced by the New Jersey Network in 1983 with a grant from NSF. You, Me, and Technology aims to help viewers achieve technological literacy and an objective attitude toward technologies that searches for the trade-offs between their costs and benefits.

Public television also needs more college level courses, not just for our teachers, but for others in the workforce who need to upgrade their education. PBS's Adult Learning Service (ALS) is doing just that. By providing "telecourses"--college-level television series supplemented and reinforced with textbooks, study guides, and class meetings--PBS is reaching half a million college and university students at over 750 institutions of higher learning across the country.

A recent survey commissioned by the CPB/Annenberg Project of ALS students found that over two-thirds of the students were female, only 23 percent of the students were of traditional college age (18-22 years olds), most were in 23-29 year old categories, and the proportion of women increased with age. The survey also showed that 40 percent of the students in telecourses enrolled because an on-campus section of the course would conflict with their work schedules.

As stated previously, the series The Brain is the basis for the television course Brain, Mind and Behavior currently offered by the ALS. A physics course produced by the California Institute of Technology and the Southern California Consortium and offered by ALS this year, The Mechanical Universe, is attempting to provide three levels of physics instruction, one of them in cooperation with NSF. The Mechanical Universe can be geared either to liberal arts students fulfilling a general science requirement, to the science or engineering majors demanding more rigorous preparation, or to the secondary school teachers seeking to upgrade their physics teaching skills.

NSF has sponsored this last application by initiating a project in which parts of the course have been adapted for use in high school classrooms. Teachers who find themselves teaching high school physics in spite of inadequate preparation will find that by enrolling themselves in The Mechanical Universe course and using the NSF video modules in their classes, they will be able to present their students with instruction of the highest quality.

Because of the success of The Mechanical Universe, the CPB/Annenberg Project is now developing a pilot for The Chemical World, a one-semester television course in introductory chemistry for non-science majors. Projects like this and the teacher guides accompanying it would also benefit from NSF support.

In Arizona and South Carolina, public television stations are providing graduate level technological, engineering and business administration courses. In Arizona, these courses are being used by IBM, Burr Brown, Hughes, Motorola and other electronics firms as well as the Army's electronics facility at Fort Huachaca and Sierra Vista. In South Carolina, 60 percent of the graduate degrees in business administration and engineering that are conferred by the University of South Carolina each year go to these telecasting students. This service helps our nation's workforce and servicemen and women improve their skills and fosters our nation's international industrial competitiveness as well.

With the steady support of NSF through the years, public television has provided high quality science programming that equally fascinates and educates its intended audience. Our audience response has shown us that we need to develop more regular series like NOVA that explore new technology and scientific innovation and more limited series like The Brain and The Search for Mind that explore specific scientific fields. The tremendous success of 3-2-1 Contact and our college courses has shown that more efforts in those areas can help conquer "science fear" in our nation's student body.

The critical assistance and guidance provided by the National Science Foundation's Science and Engineering Education Directorate will continue to be necessary to achieving those goals. We urge you to appropriate as much as you can for the work of the National Science Foundation and that NSF be encouraged to direct as much as they can to using our nationwide system of public television stations to help bring more science information and education to all Americans.

Thank you.

NATIONAL SCIENCE FOUNDATION

WITNESS

AURORA ALBERTI, MEDICAL RESEARCH MODERNIZATION COMMITTEE

Mr. **Traxler**. We would like to welcome Dr. Aurora Alberti, Medical Research Modernization Committee.

What is your title?

Dr. **Alberti**. I am a physician.

Mr. **Traxler**. What is your relationship with the Modernization Committee?

Dr. **Alberti**. I am a relatively new member.

Mr. **Traxler**. We are delighted to welcome you. We will put your testimony in the record, and you may summarize if you choose.

Dr. **Alberti**. Yes. That is why I am here today. I appreciate the opportunity to be here and speak to you. I have always said while I am a physician, I am a pediatrician and member of the medical——

Mr. **Traxler**. You are an allergist?

Dr. **Alberti**. Yes.

Mr. **Traxler**. You are most welcome at this time of the year.

Dr. **Alberti**. That is why there is so many allergists in Washington.

Mr. **Traxler**. A lot of psychiatrists, too.

Dr. **Alberti**. There are two different sides of the coin, I guess. The Medical Research Modernization Committee, of which I am a member, is a group of several hundred health professionals, including physicians, veterinarians, psychologists and others. We feel that much of the animal research still being done is anachronistic and wasteful. I don't need to be a scientist to realize research with human cells, human organs, and human patients must be more relevant to humans than research performed on animals.

According to Mr. Erich Bloch, Director of NSF, who testified before the Subcommittee in March 1986, one-half of all basic research is performed in colleges or universities. And NSF provides approximately one-fourth of the Federal support for this research. Since the funds may be as much as $1.5 billion, a great deal of this money may go for this kind of research.

There are several types of animal studies. One termed pure research does not apply results to humans. The second type purports to be of value to humans, but in its essence cannot be applicable. Therefore, such studies represent an enormous waste of taxpayer money. A striking example of this wasteful pure animal research was discussed by my colleague, Murry Cohen, a practicing psychiatrist from New York, in a statement before the United States Senate Committee on Appropriations, Subcommittee HUD Independent Agencies on April 30, 1986.

The example is a NSF grant BNS90-80546 to fund the research of Doctors Martha A. Mann and Bruce Svare, psychologists at the State University of New York at Albany. Their paper, "Factors Influencing Pregnancy Induced Aggression in Mice," was published in the 1982 edition of "Behavior and Neural Biology." Six other behavioral studies on mice were published between 1973 and 1982. The authors did not suggest that findings were applicable to humans. So who benefited from these years of studies? Obviously very few. Do you feel these expenditures were justified?

What about the kind of animal research which purports to apply to humans? An example is a Federal grant but not a NSF grant, and I give it because it is in my field. An abstract appears in the November, 1985 "Comparative Pathology Bulletin," published by the Armed Forces Institute of Pathology, Washington, D.C., contributed by Carol A. Hirshman, M.D., Oregon Health Sciences University of Portland, entitled "Human Disease: Asthma Animal Model: Asthma in Basenji Greyhound Dogs."

Starting in 1980, five studies were performed to create a strain of dogs whose lungs react in some way like a human when challenged with certain substances. I wonder how the cost for these five years of studies leading to a model but no answer for the prevention or treatment of asthma can be justified? Perhaps you too will wonder when you learn the same type of challenges for the Basenji dogs are being done each day on human patients right here in all the hospitals in Washington, including Walter Reed, to diagnose and for prognosis of asthma. Examples of this research relevant are found in March and April issues of journals for immunology.

As a pediatrician, I am aware of the debt we owe the animals and researchers who, many years ago, gave us our first vaccines against smallpox, diphtheria, whooping cough, et cetera. As an allergist, I am aware also of the distressing symptoms, and indeed sometimes of the deaths, that occurred because of the foreign animal proteins in the original vaccines which are made from dung, of course, and other animals. Today many of our vaccines are propagated in human cells and many immune sera are obtained from the blood of convalescent humans and are much safer.

I have presented some facts indicating much animal research is not applicable to humans and, therefore, wastes the taxpayers' money. I suggest an appropriation directed toward research for human cells which will be well spent and productive of an improved health and well-being.

Thank you for letting me speak.

[The statement of Aurora F. Alberti follows:]

STATEMENT OF AURORA F. ALBERTI, M.D.
OF THE MEDICAL RESEARCH MODERNIZATION COMMITTEE

before the
HOUSE OF REPRESENTATIVES COMMITTEE ON APPROPRIATIONS,
HUD- INDEPENDENT AGENCIES SUBCOMMITTEE

Concerning FY 1987 Appropriations for the
National Science Foundation

May 6, 1986

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to discuss fiscal year 1987 appropriations for the National Science Foundation. I will present facts showing a great deal of funding is being wasted and hope this statement will result in more productive use of appropriations in 1987.

My name is Aurora Alberti. I am a physician, specializing in pediatrics and pediatric allergy. I had a private practice in Bethesda, Maryland for ten years. Subsequently I became a pediatric medical officer for the Department of Defense. I retired this past September but continue to attend local and international medical seminars and am active in local medical societies. I am also a member and representative of, the Medical Research Modernization Committee, a group of several hundred health professionals, including physicians, veterinarians, psychologists and others.

We feel that much of animal research being done now is both anachronistic and irrelevant. In this age of advancing technology, each day offers an increasing number of new, non-invasive relevant techniques. You don't need to be a scientist to realize that research with human cells, other human tissues and consenting human patients must be more relevant to humans than research performed on animals. Yet, most scientists doing basic bio-medical research continue to use animals as models. No animal, no matter how high on the evolutionary tree, can be equated with man or woman, with his/her more complex physiologic and emotional development and environment.

According to Mr. Erich Block, Director of the National Science Foundation (who testified before you in March 1986), one half of all basic research in the United States is done at colleges or universities; NSF provides approximately one fourth of the federal support for this research. Since funding in 1987 for NSF is expected to amount to as much as $1.5 billion, a substantial portion of this appropriation will be allocated to college-university basic science research.

Continued support of animal, or animal model research is a waste of NSF appropriations. In this regard, Daniel Greenberg, editor-publisher of "Science and Government" quotes Erich Block as having told Science magazine (in a prior interview) "I'm not convinced that everything we are doing across the federal spectrum [of research programs] is worth keeping."

In our view, very little is worth keeping if studies continue to be made with the out-dated animal models. These are of two types; the first, termed "pure animal research" is not done or interpreted as applicable to humans. The value of such pure investigation is that it serves the needs of a limited number of purists, while being of no value to most of us. Such research, it would seem, should have a very low priority for federal funding. The second type purports to be of value to humans, but, in essence, cannot be so applied, either in the areas of behavioral, psychiatric or physical illness. Therefore, such studies represent an enormous waste of taxpayer dollars. A striking example of the category of "pure" animal research was discussed by my colleague, Murry Cohen, M.D., a practicing psychiatrist, in his statement before the United States Senate Committee on Appropriations, Subcommittee on HUD-Independent Agencies, on April 30, 1986. This is NSF Grant BNS90-08546 for Drs. Martha A Mann and Bruce Svare, psychologists at the State University of New York at Albany. Their study, entitled "Factors Influencing Pregnancy Induced Aggression in Mice," was published in the 1982 edition of Behavior and Neural Biology. These same psychologists published six other analogous behavioral studies on mice between 1973 and 1982, which may have been supported by federal funds. The authors did not suggest their findings were applicable to humans. Who do you think benefitted form these many studies. Do you believe the expenditures were justified for this "pure" research?

What about the kind of animal studies which purport to apply to humans? I have chosen this particular research as an example because it fits my field of expertise. This is a federal grant, but not an NSF grant. An abstract of the article is published in the November 1985, vol. xvii, no. 4 of the Comparative Pathology Bulletin, Armed Forces Institute of Pathology, Washington, D.C. The by-line, ANIMAL MODEL OF HUMAN DISEASE, is printed in capitals, underneath is the word "asthma", then the title "Human Disease: Asthma Animal Model: Asthma in Basenji Greyhound Dogs." contributed by Carol Hirshman, M.D. Departments of Anesthesiology and Pharmacology, Oregon Health Sciences University, Portland, Oregon. References for this article indicate that Dr. Hirshman performed five other studies, starting in 1980, relating to the BJ dog as an animal model for human asthma, especially as regards this strain of dog's reaction to substances which (in human asthmatics) may constrict the airway (of the lungs). Continued experiments in the same vein are anticipated, since the author concludes the article with the statement " BJ dogs are available on a limited basis, at cost, from C.A. Hirshman, M.D." In the final paragraph the researcher writes: "a readily available supply of these animals [with specific in-bred traits] provides us with some clues to understanding the defect underlying the asthmatic state in man, thus leading to better methods of preventing and treating disease."

My questions are: What are the clues to understanding the defect? When will better methods for preventing and treating asthma result from such studies; after five years and many expended funds the researcher has bred a strain of BJ dogs who can be made to wheeze. No humans have benefited from these studies, yet, undoubtedly, they are expected to continue. My last question is: Why should this type of animal research be encouraged when the tests Dr. Hirshman performs on her BJ dogs are being performed each day on humans, both adults and children, who have asthma? These relevant tests, when performed in humans are used to diagnose asthma and for prognosis, as well as to determine improved methods of treatment. Articles describing such tests are published in the April, 1986 Journal of Allergy and Clinical Immunology, pages 570-574, in the March, 1986 Annals of Allergy, pages 226-228 and in the April. 1986 Annals of Allergy; "The use of Methachlorine Inhalants" etc. (24 adult patients), pages 308-311.

As a pediatrician with a primary interest in preventative medicine, I am aware of the debt we owe to the many animals and the illustrious researchers who, many years ago, gave us our first vaccines against small pox, diphtheria, tetanus, whooping cough and so on. As an allergist, I am aware of the distressing symptoms, and yes, the deaths that occurred because of the foreign (animal) proteins present in the early animal-made vaccines and anti-toxins (prepared in animals: horse, cow, pig, dog, to name a few). Today, because of the pioneer work of scientists willing to use the new technology, many of our vaccines are propagated in human cells or bacterial or viral cultures. Indeed, "acellular" protective substances, such as interferon, are now being made. The immune sera, containing antibodies against diseases such as hepatitis, zoster (shingles) etc. are obtained from the blood of convalescent humans. All these substances do not contain animal protein, and of course, are much safer.

A final word about disease. The expression of a disease depends mainly on the relationship of the host to the disease-producing organism(s) and their individual characteristics. Whether an organism will produce a disease in a particular host varies with the number of organisms and the individual host. If a disease is expressed, or not expressed, in a man or woman, how much more will it vary when in a different species? Examples are multitudinous. Rabies is usually fatal in man, but a cat can carry rabies for years, and not become ill. Many animals carry the AIDS virus without becoming ill.

In summary, I have presented some facts indicating much animal research is not applicable to humans and therefore wastes the taxpayers' money. In addition, I suggest that appropriations directed towards research with the new non-invasive techniques, including the use of human cells and tissues as well as clinical research with consenting human patients, will be better spent and productive of improved health and well-being for us all.

Mr. **Traxler**. Thank you very much. Any questions?

Mrs. **Boggs**. Dr. Alberti, I notice in your testimony that you refer to the fact that many animals carry the AIDS virus without becoming ill. Could you expand on that a little bit?

Dr. **Alberti**. That was an excerpt I think put in, but this is to point out that a disease is produced depending on many factors, and they include the host and the disease and other factors, and so many animals carry a disease and you are not made sick by it. In this way, too, it is really hard to extrapolate the fact that an animal is ill, and if the animal has the disease, you can transmit to a person, but you can't—and that is the whole point. An example, in AIDS, many animals carry AIDS, and they are not sick, it doesn't make them sick, but it makes humans sick; that is because it is a different host. There is a strain of monkeys who carry AIDS who make antibodies to AIDS, but these antibodies are, ineffective, in a sense that is the same as rubella. Many children who have the terrible rubella syndrome, which is mental retardation, cardiac problems, deafness, cataracts, these children produce antibodies, but they are not good antibodies.

At any rate, for example, in rabies, cats carry rabies, but they are not sick. And this indicates that the host and the specificity of the host is most important if you are going to have a disease suppressed.

Mrs. **Boggs**. Thank you very much.

NATIONAL SCIENCE FOUNDATION

WITNESS

DR. DAVID A. HAMBURG, CHAIRMAN, AMERICAN ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE

Mr. **Traxler**. Our next witness, Dr. David Hamburg, American Association for the Advancement of Science.

Mr. **Hamburg**. Thank you very much. I am very happy to be back here again.

Mr. **Traxler**. You are an old faithful.

Mr. **Hamburg**. Unfortunately this is my last time under the AAAS hat, although maybe sometime I will get back under another hat.

I will be representing a foundation concerned with scientific values. Maybe that will get me back in. I think there has been a dynamic interplay between this Committee and other Committees with the Executive Committee, and that is as far as I know more fully developed in this country than anywhere else. It is an interesting aspect. It is a membrane between the Policy Committee and Scientific Committee.

When you talk about science policy, it seems to me you are talking about a subject that goes to the heart of our future in a lot of ways. I am much more interested in a few, shall I say, farewell comments of a general sort, this way briefly than any specifics in this budget. This subject is so fundamental because it really deals with even the survival of humanity, certainly with economic opportunities and what kind of people we are and what kind of people we want to be. There is more to science policy than just R&D dollars. Within the research support question, a much more differentiated assessment of how the dollar is being contributed is obviously important.

In addition to that, there is a question of education of the modern world. Some of your prior witnesses have touched on it. The world is increasingly technical in nature now. The education piece is very important, more than it has ever been before in a science policy. Then there is a piece on the relationship between science and technology, because we are not just talking about any old new technology for any new purpose, we are talking about constructive uses of technology; that becomes a very difficult problem, one of the central problems of the modern world, in my view.

Finally, this subject touches on formulations of national interest and national security. What are we talking about? Making a vital democracy—so it is in a very fundamental way, one of the central policy issues, once you get into science and technology policy and ramifications.

Now, the AAAS is the umbrella, the broad overview of the American scientific community. As such, it doesn't grind any particular axe, it tries to consider both what science can do for society and how society can keep science healthy.

In my submitted statement, I call your attention to a piece on the first page which is quite interesting. I happened to be at the Nobel ceremonies ten years ago in a year when the Americans won all the prizes, and the Chairman of the Board of the Nobel Foundation said, "The interesting thing is not that the Americans won all the prizes that year but that they had won about half the prizes over the preceding 25 years." He gave seven or eight examples which I think are very true, and I call your attention to that.

I think we need to ask ourselves, "What are the conditions that have made American scientists so great and technology so fruitful? Can we take them for granted? How can we keep that whole endeavor in good shape?" An aspect of those remarks and some of the things you heard today, including the remarks of Mr. Fuqua and Mr. Walgren, have to do with international cooperation in science and technology and economics. Of course, is the subject partly having to do with the cost of basic science and sharing the cost around the world and partly of the image of the U.S. around the world, what we stand for and are respected for, our capacity to bring humane constructive uses to bear on problems of development in this hemisphere and to address considerations that go beyond military threats and the like to economic and central development.

Science and technology have a large role to play. I suppose the central point of what I want to leave with you today is the concept of research and development. As David Packard said, "You are not buying a commodity when you buy research, you are talking about an investment in our future. It is not like most of the other investments." Indeed. I think that is a point which we have a very broad agreement on in the private and public sectors.

An interesting thing that has been happening in recent years is the commitment of U.S. industries to address issues of science and technology, not just in the high technology industries, but in the older, more traditional industries in terms of their modernization, and a good deal of their hope for the future might well lie in that direction.

The NSF budget this year comes off in pretty good shape, generally speaking. There are a lot of other R&D budgets that are level, and some that are declining. The overwhelming fact of the R&D budget this year is the emphasis on national security of research and development. It comes to about 74 percent and about 26 percent for the civil sector. Even that is a generous estimate. Realistically, it is probably less than a quarter, which is really squeezing the civil sector, and you see reductions for such crucial agencies as NIH in the proposed budget.

Now in future years, in let's say the Gramm-Rudman atmosphere, not in that particular legislation, but in that atmosphere, if you look to the outyears, then they become highly significant and one can only foresee serious damage, or damage in the civil sector at least and for higher education. There is a report that either just came out or is about to come out or, according to the White House Council of the Bromley-Packard Commission on the health of our universities, and I recommend that to you. I have seen the Executive Summary only, but it seems to me a very important and powerful statement about what needs to be done, and it is a very different projection of future years than would follow from the Gramm-Rudman-Hollings projection, not only in dollars, but also in the concept developed. So I recommend that report to you.

There has been a lot of concern in the scientific community, which I am sure you are familiar with, about the OMB's precipitous action that has put uniform caps on in direct costs without the traditional consultation with the universities that is so important. There has also been concern about some actions of the universities in bypassing peer review and using their influence with Members of Congress to get major facilities without scrutiny by the scientific community, itself, and in a time of constricted resources, that is a dangerous way to go in view of the AAAS.

Basic research is the distinctive responsibility of the Federal Government. There is no realistic possibility very much of basic research will be supported by other means. There is a natural temptation that the pressure for military, economic, near-term applications, puts the emphasis on development, indeed at the late stages of development, and gradually to reject long-term significance of basic research.

We are coming into an era when, as you heard, already there are some megadevelopment projects that you are going to have to consider, the SDI, the Orient Express Airplane, the space station and so on, and here you are talking about projects that run into tens of billions or even hundreds of billions, each one may in itself be worthy, and this is not the occasion to debate the merits of those projects.

What I am drawing your attention to is the implications for the relatively minuscule piece of R&D dollar in basic research. The danger is we could inadvertently eat the seed, corn which makes possible all the applications that we value so much. We in AAAS also agree with the prior witnesses both from the behavioral social science community and from television, which is an aspect of the behavioral and social scientists that is the most vulnerable part of the budget, and that is a great mistake. There are tremendously important areas of which education is one, studies of technology and economy, studies of conflict resolution, studies of the relation of behavior to health, studies of industrial productivity innovation, important areas for those scientists to negotiate and which were hit quite severely a few years ago.

Finally, Mr. Chairman, to emphasize the importance of education, it is only one modest piece of the NSF budget, but it is an immensely important part of what we are about in this country, and we are at a time when we must have a fundamental long-term change in the nature and scope of education in the sciences, and that has to go regardless of race, gender or religion.

By the turn of the century, we will have a smaller cohort of young people coming along, within that cohort about one-third will be Black and Hispanic and, of course, the Blacks, Hispanics, poor minorities and women historically have not been mainstreamed when it comes to science and technology. One way or another, those various groups comprising a very large part of the cohort of young people are supposed not to be able to do science, and that is wrong. There are ways to overcome that, those traditional obstacles. There is a general collection of innovative projects around the country, some supported by NSF, that show what we can do. It is in the national interest to pursue that role. We cannot afford to waste precious talent or let the talent pool shrink to an imperilously small size.

[The statement of David A. Hamburg follows:]

Statement by

Dr. David A. Hamburg

Chairman

American Association for the Advancement of Science

on

The Fiscal Year 1987 National Science Foundation

Budget Appropriation Request

Submitted to

Subcommittee on HUD - Independent Agencies

Committee on Appropriations

U.S. House of Representatives

May 6, 1986

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to again appear before your subcommittee. I would like to begin by expressing the gratitude of the scientific and engineering communities for your strong and consistent support over the years.

I am here today as Board Chairman of the American Association for the Advancement of Science — an organization of some 137,000 scientists and engineers. We are affiliated with nearly 300 other related organizations having a membership in the range of five million.

Today I would like to comment briefly on the general climate for supporting research and develcpment, the difficult budgetary situation facing you and us, and several specific aspects of the NSF budget request.

THE CLIMATE FOR SUPPORT OF R&D

About a decade ago, I attended the 1976 Nobel ceremonies in Stockholm where Americans made a clean sweep in all fields of science, an unprecedented event. As it did for others, this event left a lasting impression on me. I recall several observations of Sune Bergstrom, the great Swedish biochemist who is Chairman of the Board of the Nobel Foundation. First, he said that the really interesting question was not that the Americans won all the prizes in 1976, but how was it that Americans had won about half of the prizes in the preceding 25 years. Among the reasons he saw were these:

- The recognition that basic science can have powerful practical consequences
- Generous immigration policies which permitted many outstanding scientists from Europe and elsewhere to come to the United States
- Recognition of the importance of science and technology for economic progress
- The intellectual stimulation and fostering of innovation made possible by political freedom and open communication
- The strong national commitment to support of basic research through institutions such as the NSF and the NIH
- The democratic atmosphere of American universities and their laboratories — in contrast with the hierarchial, authoritarian structures prevailing in many other countries
- Special attention to the fostering of research by talented and dedicated young people

While I am sure that others could be added, Bergstrom's set of conditions go a long way to explaining the flourishing of American science and technology and their effective use. I think it is important that we keep these conditions in mind, especially at a time of budgetary pressure such as the present.

Stating this another way, I would argue that we must continue to consider support of R&D as an investment in the future, near-term and long-run. And while I acknowledge the reality of the problem facing you -- and all of us -- in dealing with deficit reduction, I contend that a sustained and robust national effort in research and development is fundamental to a strategy of economic and social growth as well as to improving the qualtity of life.

The question all of us face now, in a stringent budgetary environment, is how to sustain and replenish this investment in the future so that it continues to yield high returns. It is one thing to build such a remarkable system on a rising tide of resources. It is quite another to stay the course when every discretionary dollar seems to have a thousand claimants, most of whom are far more astute politically than are scientists. We depend today, as we have over the past decades, in a very special way on the Congress to see to the health of science.

OVERVIEW OF RESEARCH AND DEVELOPMENT

As I noted before you last year, in aggregate measures (See Appendix 1) the United States invests large sums of money in R&D; the national total for 1985 is estimated at about $109 billion and that for 1986 at nearly $119 billion. While substantial real growth began in the late 1970's, the major emphasis has been on defense-related R&D in the government and on applications in the private sector. Appendices 2 and 3 show the continuing emphasis of other countries on R&D investment; especially noteworthy is their relatively greater emphasis on civilian-related R&D in contrast to defense-related R&D.

As a key part of this overview, I would like to emphasize a point that NSF Director Bloch has made: while the overall federal R&D amount has been increasing at a vigorous rate, the already small share of funds allocated to basic research is steadily dropping. (My table in Appendix 4 provides supporting data.) I say this while noting that NSF's budget as submitted to you fared well in this difficult budget period. My point is that NSF's "balance wheel" role becomes even more important as the overall share for basic research declines.

A more detailed look at the entire federal budget for R&D shows an overwhelming emphasis on national security R&D (Appendix 4). Other important themes in the overall budget appear to be as follows:

o Overall, the NSF was one of the few civilian agencies which received a healthy increase in the President's proposed budget for FY 87, 8.4 percent. The increases were largely in the physical sciences, engineering, biotechnology, and advanced computational capabilities -- much of which was couched in terms of improving our industrial competitiveness. Space was another area singled out for increases -- although, and you know better than I, the shuttle diaster has raised considerable uncertainty about NASA's ultimate budget configuration.

o There is a leveling off of resources allocated to agricultural, energy and environmental R&D -- as well as for the Agency for International Development (AID), the Veterans Administration and various smaller agencies.

o Reductions are the order of the day for the Departments of Transportation, Interior, and Commerce, and the National Institutes of Health, although the last word may not yet be in place on these cuts.

GRAMM-RUDMAN-HOLLINGS PRESSURES

The contours of the overall budget for R&D noted above do not seem to have been shaped by G-R-H influences, although some of the features may be in support of deficit reduction objectives. However, as one looks to the future, we recognize that the deficit reduction trend -- with or without G-R-H -- is likely to remain a potent political force for years to come. Among the resulting effects it is quite likely that further pressures will be placed on so-called discretionary areas such as R&D.

In short, in the outyears of 1988-1991 it is quite conceivable that we might experience a drastic paring down of our national R&D capabilities -- including levels of research, production of scientists and engineers, and modernization of our research facilities, equipment and instrumentation.

While it is true that basic research is a "search and discovery" process which in hard times might seem susceptible to stretchout or deferral, a slowdown would mean that we would search less and find less. When we consider the new centrality of science to the major concerns of government for national security, international competitiveness, and industrial innovation and productivity, we cannot fail to see that our technology base depends heavily on basic research. If government ever did fund basic research for other reasons, today it invests in it for largely pragmatic payoff reasons.

Moreover, I find it very unsettling to see a set of processes underway, which may continue for some years, in which the G-R-H pressures are combined with a systematic torquing toward the development end of the R&D spectrum while research is scaled back severely in areas of agriculture, energy, health and the environment.

Further, we seem to have few reservations about making very large, multi-year, open-ended commitments on future budgets for mega-development projects having a great deal of uncertainty about them. I refer specifically to the Strategic Defense Initiative, the space station, and the so-called "Orient Express" airplane. These commitments, along with other candidates, will require tens of billions of dollars -- merging in about the same time period -- that must come from somewhere during the austere years we are facing. It is my strong view that the potential implications of these large requirements have not been given sufficient thought in the current budget debates.

I foresee extreme competitive pressures under the above circumstances which could well lead to a threat to our continued willingness to invest sufficiently in science in the years just ahead. Closely related, of course, are the current and future indications of large cutbacks in the federal role in higher education, including science, math, and engineering education which are an integral part of our scientific and technological enterprise. While much has been happening at state and local levels, we do not think the large issue of education can or ought to be treated as chiefly the problem of governors and mayors.

COMMENTS ON NSF PLANS, PROGRAMS AND FY 1987 BUDGET REQUEST

As I said briefly in my R&D overview, the NSF budget request for FY 1987 fared well in light of the deficit reduction climate. The proposed increase is, as I noted earlier, one encouraging sign in an otherwise gloomy picture of no-growth and reductions for research. Here are several specific comments on the NSF.

o Overall, the budget is a good one, considering the times.

o I would like to acknowledge the NSF's -- and particularly Director Bloch's -- role in continuing to place attention on programs for encouraging and supporting scientific and engineering study and careers for women, the disabled and minorities.

o We remain somewhat puzzled by the status of social and behavioral sciences research. For example, research findings from these science areas are often more important than those from engineering and the physical sciences in certain vital topics such as industrial productivity and innovation. In short, we remain concerned about the marginal attention given to these science areas, as they just barely begin to recover from the budgetary beating of several years running.

o Although we are supporting the NSF budget request, we still find it something of a disappointment for science and engineering education. While there has been some progress in the past year or two, we reluctantly come to you with the view that there has been too little progress, too slowly accomplished. Surely, it is not a matter of a shortage of reports and studies. As you well know, there has been a plethora of such activities, including the excellent work of the National Science Board itself. We urge your close attention to the planning study now underway.

o In earlier appearances, I and other AAAS witnesses have repeatedly focused on the international dimension of science and technology, both in terms of the connection to our international economic competitiveness and to international cooperation, especially in science matters. We applaud and strongly support current studies by the National Science Board and the NSF itself in exploring ways the NSF might serve the national interest through its activities in international science and engineering.

We enthusiastically endorse a recommendation of the Board's

Committee on International Science that the NSF assume a leadership role in planning and implementing one or more major global initiatives, in which other U.S. and foreign organizations could participate. A potential candidate has been identified in a special National Academy of Sciences report as an "International Geosphere-Biosphere Program (IGBP)." As just one recent example, the new and dramatic findings of low ozone levels in the Ancartic point to the fact that such concerns are those of the entire planet. Clearly an IGBP should be truly international and involve many countries, developed and less developed alike.

o We strongly support the actions taken by the NSF in increasing its total allocation for instrumentation and equipment from $223 million in FY 1986 to $260 million for FY 1987. We agree with the NSF that modern research requires modern instrumentation and equipment.

MANAGEMENT OF RESEARCH AND DEVELOPMENT ISSUES

There are several areas of concern and questions related to the management of federal R&D programs, two of which I would like to mention briefly today.

o First, there is growing controversy about the manner in which an increasing number of large research grants and facilities bypass peer review or even regular congressional review procedures. While there is not time to discuss this issue today, I would like to raise a cautionary note. It is not that we lack understanding or appreciation of the geographical distribution question for R&D grants and facilities; moreover, we are sympathetic with the sense of near desperation about aging or absent research facilities at many universities, and the desire to stimulate economic development in various parts of the country.

However, if we, in a time of increasing budgetary pressure, begin to rush down the path of allocating scarce scientific resources largely on the basis of "political clout" for individual institutions or grantees, then surely we are at the beginning of undermining faith in our peer review system which is one of the major strengths of American science.

o Second, there is another topic which could tie up discussion for days; so I will only mention it and our concern. This deals with OMB's announced intention to cap indirect cost reimbursement on federally-sponsored research at 26 percent effective July 1, 1986, and at 20 percent in 1987. Without going into specifics, I wish to express the concern of the AAAS that such moves not be taken without timely notice, discussion and adequate transition periods. There are many complexities and contending interests in this area which cannot be resolved with a wave of the *Federal Register* wand.

Pending the outcome of more extensive discussions, we support the action taken by Representastive Yates in offering an amendment to the pending FY 1986 supplemental appropriations bill which would restrict OMB's use of funds to implement its proposed revisions to Circular A-21.

This concludes my statement. Thank you again for your attention.

APPENDIX 1

Trends in Federal and non-Federal R&D outlays: 1953 and 1960-86
[Percents]

Year	Federal				Non-Federal	Total National (Constant) Dollars (1982)	Total National (Current) Dollars
	Total	Defense Related	Space Related	Civilian Related			
1953	54	48	1	5	46	$ 19,744	$ 5,124
1960	65	52	3	9	35	43,648	13,523
1961	65	50	6	9	35	45,764	14,316
1962	64	48	7	9	36	48,176	15,394
1963	66	41	14	11	34	52,585	17,059
1964	66	37	19	9	34	57,202	18,854
1965	65	33	21	11	35	59,351	20,044
1966	64	33	19	12	36	62,589	21,84
1967	62	35	14	13	38	64,406	23,14
1968	61	35	13	13	39	65,458	24,60
1969	58	34	11	13	42	64,672	25,631
1970	57	33	10	14	43	62,405	26,134
1971	56	32	9	15	44	60,385	26,67
1972	56	32	9	15	44	61,414	28,477
1973	53	30	8	15	47	62,427	30,71
1974	51	27	8	16	49	61,467	32,864
1975	51	26	8	17	49	59,885	35,213
1976	51	26	8	17	49	62,134	39,018
1977	50	25	8	17	50	63,653	42,783
1978	50	24	7	19	50	66,769	48,129
1979	49	23	7	19	51	70,077	54,933
1980	47	22	7	18	53	73,235	62,593
1981	46	23	7	16	54	76,610	71,84
1982	46	25	7	14	54	79,326	79,32
1983 est.	47	27	7	13	53	83,862	87,17
1984 est.	47	29	6	12	53	89,937	97,27
1985 est.	47	30	6	11	53	97,283	108,80
1986 est.	47	30	7	10	53	$102,504	$118,60

NOTE: Detail may not add to 100 percent because of rounding.
SOURCE: National Science Foundation

APPENDIX 2

National Expenditures for Performance of R&D as Percent of Gross National Product (GNP) by Country: 1961-86

YEAR	FRANCE	WEST GERMANY	JAPAN	UNITED KINGDOM	UNITED STATES	U.S.S.R.
1961	1.37	NA	1.39	2.47	2.68	NA
1962	1.47	1.25	1.47	NA	2.68	2.64
1963	1.55	1.41	1.44	NA	2.81	2.80
1964	1.81	1.57	1.48	2.30	2.90	2.87
1965	2.00	1.72	1.52	NA	2.84	2.85
1966	2.07	1.81	1.46	2.32	2.83	2.88
1967	2.12	1.96	1.52	2.30	2.84	2.91
1968	2.08	1.98	1.60	2.26	2.76	NA
1969	1.93	1.82	1.64	2.27	2.66	3.03
1970	1.92	2.06	1.85	NA	2.57	3.28
1971	1.90	2.18	1.85	NA	2.42	3.46
1972	1.90	2.20	1.86	2.11	2.40	3.71
1973	1.77	2.09	1.90	NA	2.26	3.81
1974	1.79	2.13	1.97	NA	2.23	3.74
1975	1.80	2.22	1.96	2.19	2.20	3.78
1976	1.78	2.15	1.95	NA	2.19	3.61
1977	1.76	2.14	1.93	NA	2.15	3.54
1978	1.76	2.24	2.00	2.24	2.14	3.54
1979	1.81	2.40	2.09	NA	2.19	3.59
1980	1.84	2.42	2.22	NA	2.29	3.76
1981	2.01	2.49	2.38	2.41	2.35	3.75
1982	2.10	2.58	2.47	NA	2.51	3.68
1983	2.15	2.52	2.61	2.24	2.56	3.82
1984 prel.	2.24	2.52	2.60	NA	2.58	3.95
1985 est.	2.27	2.61	NA	NA	2.72	NA
1986 est.	NA	NA	NA	NA	2.76	NA

SOURCE: National Science Foundation, Organization for Economic Cooperation and national country sources.

APPENDIX 3

Estimated Ratio of Civilian R&D Expenditures[1] to Gross National Product (GNP) for Selected Countries: 1967-85

YEAR	FRANCE	WEST GERMANY	JAPAN	UNITED KINGDOM	UNITED STATES
1967	NA	NA	1.51	NA	1.88
1968	NA	1.80	1.59	NA	1.83
1969	NA	1.87	1.63	NA	1.79
1970	NA	2.01	1.79	NA	1.76
1971	1.5	2.0	1.8	NA	1.6
1972	1.5	2.1	1.8	1.5	1.6
1973	1.4	2.0	1.9	NA	1.6
1974	1.4	2.0	2.0	NA	1.6
1975	1.5	2.1	1.9	1.4	1.6
1976	1.4	2.0	1.9	NA	1.6
1977	1.4	2.0	1.9	NA	1.6
1978	1.4	2.1	2.0	1.5	1.6
1979	1.4	2.3	2.1	NA	1.7
1980	1.4	2.3	2.2	NA	1.8
1981	1.5	2.4	2.4	1.7	1.8
1982	1.6	2.5	2.5	NA	1.9
1983	1.7	2.4	2.6	1.6	1.9
1984 est.	1.8	2.4	2.6	NA	1.8
1985 est.	NA	2.5	NA	NA	1.9

[1] National R&D expenditures, excluding government funds for defense.

N/A = Not available.

SOURCES: National Science Foundation and Organization for Economic Cooperation and Development.

APPENDIX 4

Total Federal Research and Development
(in billions of dollars)

	FY 84 Approp.	FY 85 Approp.	FY 86 Approp.	FY 86 G-R-H Impact	FY 87 Request
Total Fed R&D	$46.0	$51.7	$57.5	$54.7	$63.2
(Basic Research)	($7.1)	($7.8)	($8.3)	($8.0)	($8.6)
Basic Res. Percent	15.4%	15.1%	14.5%	14.7%	13.6%

Total Federal R&D Divided Between Defense and Non-defense

	FY 84 Approp.	FY 85 Approp.	FY 86 Approp.	FY 86 G-R-H Impact	FY 87 Request
National Defense	$30.5	$34.7	$39.6	$37.6	$46.4
Non-defense	15.5	17.0	17.9	17.1	16.8
Defense Percent of Total R&D	66.3%	67.1%	68.9%	68.7%	73.4%

Mr. **Traxler**. Thank you for that excellent statement. It is a fine overview of where we are.

Mrs. Boggs.

Mrs. **Boggs**. Thank you very very much. It was wonderful testimony. We are happy to have your appendices as well.

Mr. **Traxler**. We look forward to having you back in another capacity.

NATIONAL SCIENCE FOUNDATION

WITNESS

FRANK H. TALBOT, THE ASSOCIATED NATURAL SCIENCE INSTITUTIONS

Mr. **Traxler**. Dr. Frank Talbot, the Associated Natural Science Institutions.

Mr. **Talbot**. Mr. Chairman, Members of the Committee, I am the Director of the California Academy of Sciences, one of five large private national history museums and two big herbarium which came together to form the Natural Institutions Association or TANSI, as we are called. I have submitted material on behalf of TANSI which I would like to incorporate in your record.

Mr. **Traxler**. Please do.

Mr. **Talbot**. I would like to make some comments, if I may.

Mr. **Traxler**. Please proceed.

Mr. **Talbot**. These institutions have the same functions as the Smithsonian Institution. We hold very large collections, collections of animals, plants, minerals, fossils, et cetera, and we undertake basic research both in our own laboratories and in field locations into the naming classifications and evolution of animals and plants, study of biological and earth changes through time, past civilizations and so on. We hold these collections and use them for research into a good deal of the biological and earth sciences.

They really have the same kind of function, these collections, as computers do in physics or great telescopes do in astronomy. In other words, they are really the base for large areas of the biological sciences, for example, and they are used in genetic engineering, biological pest control, for the finding of drugs from natural products, as well as development of new foods. And they are used in search for oil, we use fossils. These are just examples. Collections are used for many other purposes, both for applied and basic science.

To introduce some three dimensional things, I brought some specimens to show you. One of these is a killer bee—the killer bee and a comparative honey bee. It is dead.

Mr. **Traxler**. That is comforting. The Committee gets to see lots of interesting specimens. We always want to make sure they are harmless.

Mr. **Talbot**. The other is the medfly. And the medfly, of course, is a very very dangerous pest. It is compared there with one of many hundreds of similar species. We have one there which is a harmless one, and to identify these, you need the scientists and those collections. They use those collections to identify these.

And then another example which is from Madagascar, which is called the rosy periwinkle and looks like any other normal garden plant; that plant is extremely important to us. It was found in Madagascar by scientists. It produces by a complicated 20-stem chemical process two alkaloids, in fact it produces about 15, but two are important to us, which prevent cancer cells from dividing. One is vincristine and the other is vinblastine. And the first permits 80 percent remission in cancer of the lymph system, and the other 99 percent remission for sufferers of acute lymphocytic leukemia. I bring these as examples of the way these collections and their identifications are used which have very important long-term benefits to us.

These collections are held in the Smithsonian and its associated areas, university museums and large natural history museums and botanic gardens. To put our collections at TANSI, the seventh largest institution, in some perspective, they are three times the collections held by the Smithsonian. These collections are very heavily used, and my own institution as an example, which is not the largest of the TANSI group, provides support for 11 Federal Departments and seven State Departments. It does it free of charge and on a regular basis. Last year, over 2,000 visiting researchers used the collections of the California Academy of Sciences. I am sure the American Museum would have many more visitors, and we also sent 104,900 specimens on loan to research scientists and students.

Looking after these collections, and this is of course why I am here, is a very expensive business. And funds from the National Science Foundation are essential to us, particularly as the other sources of our funds are not now so secure. The other sources of funds of primary philanthropy for the TANSI group and local and state governments, and here inevitably there tends to be more interest in our public since that is the side of the science exhibits that we have, and in school education and not so much in our research function. And so the National Science Foundation has been absolutely vital to the support of these great collections.

The biological research resources program, BRR, I will call it, if I may, which is in the Biological Behavioral and Social Sciences Directorate, has given us important help with maintaining these. We hope that Congress will support the proposed increase in NSF's budget which would mean for this BRR program about an additional $965,000.

We also hope those who run that program will move to provide more stable support, such as multi-year grants, provide infrastructure support to institutions recognized for their excellent collections, and also their efforts to make these collections accessible to external scientists and organizations.

I think Director Erich Bloch said that, "Where excellence has already been identified, the establishment of resource centers fosters modern disciplinary and group activity." We would strongly agree with this and would hope that multi-year grants on a more sustained basis might be one way to go.

In this same division, the systematic biology program, which supports research on the characterizing and evolutionary histories of all groups of animals and plants, has been also of very great importance to us in our research programs. Long-term institutional support for studies in describing and analyzing biological diversity, which is an emphasis of that program, would also be of great importance to us here.

We mentioned other areas in our written testimony, including the need for support for graduate training programs, in cooperation with the universities, training those young scientists of the future; the conservation and preservation of anthropological collections which have been neglected; the need for funding new methodologies in taxonomies, such as biochemical techniques and DNA and RNA techniques, which we are starting to use; and the need for the National Science Foundation to take a more active role in international science, particularly as it relates to the loss of biological diversity which we feel is our problem, as well as the rest of the world's.

The National Science Board Committee on International Science has recommended that NSF lead in the development of global initiatives, and we would think that biological diversity would be a good global initiative to develop.

In closing, may I say we are very encouraged with the recognition given to the importance of scientific research in these difficult times as the budget has increased, and we are very appreciative and thankful to you for hearing us.

[The statement of Frank H. Talbot follows:]

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TESTIMONY ON
NATIONAL SCIENCE FOUNDATION APPROPRIATIONS

Presented to
APPROPRIATIONS SUBCOMMITTEE
on
HUD-INDEPENDENT AGENCIES
of the
U.S. House of Representatives

Presented by
FRANK H. TALBOT
Director
The California Academy of Sciences
on behalf of
THE ASSOCIATED NATURAL SCIENCE INSTITUTIONS

May 6, 1986

Mr. Chairman, members of the Appropriations Subcommittee, I am appearing before you as a member of The Associated Natural Science Institutions (or TANSI, as we're called.) Aside from the California Academy of Sciences, where I serve as Director, other members include The American Museum of Natural History in New York, the Academy of Natural Sciences of Philadelphia, The Field Museum of Natural History in Chicago, the Museum of Natural History of Los Angeles County and the New York and Missouri Botanical Gardens.

Background: The collections of TANSI museums represent priceless and extensive examples of the earth's living things -- its plants, fishes, insects and mammals. The mineral collections are drawn from the earth's wealth, and the anthropology collections reveal the life-style and values of past and vanishing cultures. The TANSI institutions and the Smithsonian Institution together house over 80 million specimens. These collections are as essential as supercomputers are to modern physics or large radio and light telescopes are to astronomy. Without them and the systematic knowledge derived from them, much of biological, earth and anthropological science could not be undertaken.

The public usually envisions natural science museums as sites for exhibits and educational programs for children and adults regarding the exhibits. Rarely are visitors aware of the research that is conducted behind the scenes by top-notch scientists and the education programs for science scholars. The collections provide information that is indispensable to scientists in local, state and national government, in private industry, and in the international scientific community. In my own institution, over 2,000 scientists visited last year to study the collections, and 872 loans including 104,900 specimens were made to government and university scientists. We regularly provide assistance to eight Departments of the State of California and eleven U.S. Government agencies. The biological research conducted at natural science institutions provides information for answers to practical questions pertaining to the search for healing drugs, exploration for oil, modern methods for dealing with agricultural pests, management of natural resources and detection of environmental pollution.

Our collections form the basis for our commitments to the conduct of basic research, support for graduate education, and public service. Our relationship to the Federal Government is similar to that of the large research universities, and we rely heavily upon the National Science Foundation for support to carry out our activities in all three areas. While our interaction with the National Science Foundation is focused on the Directorate for Biological, Behavioral and Social Sciences, especially the Division of Biotic Systems and Resources, we also interact with NSF's anthropology, oceanic and atmospheric, Arctic and Antarctic, information science, astronomical, chemical, international, science education and other programs.

We support the proposed increase in budget for the National Science Foundation, particularly the Biological, Behavioral and Social Sciences Directorate. We hope that funding provided by Congress will be sufficient to permit NSF to exercise the latitude to support some of the proposals we are making today.

Biological Research Resources Program: Since its establishment in the early 1970s, the Biological Research Resources program in the Division of Biotic Systems and Resources has supported work related to collection, identification, and research on items in natural science institutions; publication of taxonomic monographs; living organism stock centers and biological field research facilities. I stress the importance of this support to our museums. However, we feel it is now time for the program to grow and grasp new opportunities for supporting the important collections housed in our museums, in universities, and other institutions. In this regard, we hope the Division will move in the direction of providing sustained support for collections. This concept is not new. In testimony presented on behalf of TANSI before this subcommittee last May, Dr. Thomas Peter Bennett, then Director of the Academy of Natural Sciences of Philadelphia, spoke of the need for institutional support, and in testimony before the House's Science Policy Task Force, which is part of the Science and Technology Committee, we spoke of the need for some form of multi-year block grants that would provide predictable funding levels to institutions with the best record and the greatest potential for continuing progress in institution-based research.

In a recent hearing before the Senate Labor and Human Resources Committee, Erich Bloch, Director of the National Science Foundation, pointed out the advantages of centers and institutional grants, including the conduct of multidisciplinary research, better placement of instrumentation and the encouragement of synergistic activities among scientists. We agree with Mr. Bloch's assessment of the value of such support in areas where excellence has already been identified. In the case of TANSI, some of our collections are the best in the world and many more are among the top five. NSF has generously supported our collections for more than a decade, but, it is this very recognition of the importance of our collections and the enormous task of curation and utilization of them that leads us to suggest the need for more stability in terms of sustained support. These grants would provide a valuable contribution toward the renovation of structural and storage facilities and additional scientific equipment and personnel, including technicians and collections managers.

Systematic Biology Program: Another important program to our institutions in the Division of Biotic Systems and Resources is the Systematic Biology Program, which supports research on the characterization and evolutionary histories of all groups of organisms. Emphasis is placed upon using modern methods for describing and analyzing biotic diversity and upon scientific theory for classification. Again, institutional support for long-term organismic studies could be initiated with approximately $3 million for awards to 10 institutions. Individual institutions or consortia of collaborating institutions could pool professionals and library and information data banks to undertake research that is not feasible for an individual to accomplish.

Anthropology Collections: A special word must be said about our anthropology collections, which provide a record of vanished and disappearing societies. From them, we learn not only about the daily lives of people, but about their environment and their political and social structure. The conservation and preservation of these collections and their accessibility to scientists for study and for public exhibition are crucial activities that would benefit from the adoption of modern computerization techniques, improved instrumentation, better storage facilities, and more trained personnel to care for them. The Anthropology Program in NSF's Division of Behavioral and Neural Sciences would receive about $7,780,000 in FY 1987 under the Administration's proposals. About 10 percent of the program's funds are devoted to systematic collections. However, the average grant, which is about $43,000 is quite small, considering the size of institutional collections, and discourages some institutions from applying for support. Larger grants could increase institutional participation in the program.

Graduate Education: As part of our scholarly endeavors, TANSI museums actively engage in the training of graduate students in the biological sciences. We participate in graduate education with pride and conviction that we are providing a service to the community and the biological professions. In this regard, we form cooperative programs with universities so that students are appropriately trained and supervised. The interaction with universities is particularly crucial as many institutions of higher learning eliminate their systematics programs and look to outside organizations to assume responsibility for education in this area. NSF's graduate fellowship programs are a valuable resource for training. We must support and train graduate students if we are to replenish the pool of systematic biologists and systematics is to remain a viable field in the biological sciences. The cost of providing graduate training is particularly burdensome to our institutions, which traditionally have not benefited from many of the federal programs that support graduate training. There are about 4,000 major collections in the United States today, but there are only about 2,000 qualified systematists to work on them. We are talking about hundreds of millions of specimens, and these collections are growing at a rate of about three percent per year as private collectors and universities divest themselves of important collections and we add to the collections through our field activities. Therefore, there is a dire need for more trained manpower. The graduate fellowship program at NSF is proposed for level funding with about 560 new awards proposed to keep the program at 1500 competitive fellowships. No adjustment is made in the student stipend and a 12.5 percent reduction is proposed in the cost of education allowance that accompanies a fellowship. Such proposals negatively affect universities, and factors that affect graduate programs at universities also affect TANSI museums as we receive graduate students for training.

Computer Facilites: Research in our institutions increasingly requires computers for advanced systematic methods. They are also essential for the collections themselves -- for access, data retrieval and loans of the millions of specimens held. Hardware, software and personnel are desperately needed to catalog the backlog of specimens, and there is a need to develop multi-institutional networks for species information. Likewise, our library resources are intricately linked to our collections and must be sustained. TANSI is working toward greater cooperation among our libraries so that we have a truly inter-institutional system.

Areas of Special Emphasis: NSF has identified several areas of special emphasis of interest to TANSI. For example, biological diversity is mentioned as one of the topics encompassed in the global geoscience initiative. Also, as we adopt DNA/RNA technology and newer research methods in the biological sciences, we are glad to see the biotechnology budget grow.

International Science: This is an area that has too long been ignored at NSF. The National Science Board's Committee on International Science has recommended that NSF assume leadership in planning and implementing one or more major global initiatives in which both U.S. and foreign organizations could participate. We believe the loss of biological diversity and the preservation of diversity is such a global issue and of importance to the United States. Plans for international cooperation in this area, perhaps commencing with an international conference, could well be supported by NSF if appropriations were adequate.

In conclusion, the museums that compose The Associated Natural Science Institutions are feeling the economic pinch that is experienced by every other sector of society, as local governments must devote more resources to pressing social problems, private donors seek more visible recognition of their beneficience in the form of media programs and public exhibitions, rather than behind the scenes research, and proposed changes in tax laws jeopardize the financial stability of our museums. In the light of all this upheaval, we are encouraged by the recognition that is being given to the importance of science research and education in the budget. We hope Congress will continue to provide the needed levels of funding for the National Science Foundation, including support for the new initiatives within existing programs that we have suggested today.

Mr. **Traxler**. Thank you.

Mrs. **Boggs**. Doctor, thank you very much, and thank you for the remarkable work that TANSI does.

I applaud your insistence that we increase our interest in international science. I have been very concerned in the last several days about what happens to the diversity of plants, of insects, of all life, in the event of a nuclear accident. Do we have any sort of relationships with the other countries that use nuclear power to have some type of response to nuclear accidents as it affects the diversity of nature?

Mr. **Talbot**. I think we do, Representative Boggs. I think, as we know from some of the scenarios that have been built for nuclear winter, that if we do have major problems, we will have real difficulty with plant material, and I don't think there is anything being put together. I would just hope we work to prevent that. There is no question, I think, that those areas of diversity, both in the sea and also in the rain forests, which are the richest areas, coral reefs which I work on and which are very rich, laboratories which are unbelievably complex, they have been working for very long times, and they can do more in their laboratories with time, evolutionary time, than we can in our own.

So it is very easy to go and look, rather than to start over. We would be working for millions of years to achieve the same results. I think they are very important to retain, and the results which have yielded antibiotics, as well as anti-cancer agents, are so remarkable that, and we have only scratched the surface, the suggestion is of 30 million species projected on earth we have identified in our herbarium and natural history museums in the botanic gardens and natural history museums, we have identified under two million.

So we really don't know what is out there. All we know is from the first sampling there are wonderful things waiting that are going to be important for us in a health and food way.

Mrs. **Boggs**. Thank you very much.

Mr. **Traxler**. Thank you very much.

NATIONAL SCIENCE FOUNDATION

WITNESS

DAVID MARKER, PRESIDENT, CORNELL COLLEGE, IOWA, REPRESENTING THE GREAT LAKES COLLEGES ASSOCIATION, THE ASSOCIATED COLLEGES OF THE MIDWEST, REED COLLEGE AND CONNECTICUT COLLEGE

Mr. **Traxler**. Mr. David Marker of Cornell College of Iowa and Great Lakes Colleges Association.

Mrs. **Boggs** [presiding]. We are very happy to have you, Mr. Marker. You may proceed as you wish. If you would like, we will certainly put your entire statement into the record, and you can summarize or proceed as you wish.

Mr. **Marker**. Thank you, Madam Chairwoman.

I am David Marker, President of Cornell College of Iowa. I am here today representing the 25 undergraduate liberal arts colleges of the Associated Colleges of the Midwest. The Great Lakes Colleges Association, Reed College of Oregon, and Connecticut College join in supporting our position.

We are pleased to have the opportunity to testify before this Subcommittee as you consider the fiscal year 1987 appropriations for the National Science Foundation.

This nation's security and economic preeminence rests on continued scientific and technological excellence, both in current research and in the development of an adequate number of scientists, teachers of science and technicians. Projections that appear in a recent National Science Board Task Committee report on undergraduate science and engineering education indicate that as we move into the decade of the 1990s and into the 21st century, we will not, in fact, have adequate scientific personnel unless some deliberate steps are taken to reverse current trends.

You might say, why should we put renewed emphasis and more emphasis on undergraduate education? The production of scientists, teachers of science and technicians, undergraduate education, is so vital because careers are so often chosen in the undergraduate years or they may not be chosen. Our colleges have demonstrated in fact their ability to encourage students to choose scientific careers in numbers that are far out of proportion to the size of our institutions.

Many of our students have the opportunity to work with a Ph.D. research scientist teacher in a laboratory in which real science is being done. It is not uncommon for our graduates to go on to graduate and professional schools, and then to scientific careers and first-hand knowledge of what it really means to do science derived from participating in every phase of scientific work from the design of the research to carrying out of experiments and calculations, and even to the publication of the results along with faculty mentors in scientific journals.

We did a survey recently of ACM and GLCA students who participated in the old NSF undergraduate research participation program, which unfortunately has been discontinued. These students were in that program from 1957 to 1981. The survey shows that 60 percent of the former students acknowledge the undergraduate research participation program had a strong influence in their choosing scientific and scientific related careers. Of the students that we surveyed and who have gone on to scientific careers, 93 percent hold advanced degrees in science and science-related fields.

Now, undergraduate research participation at our institutions is only possible with faculty who are current in what is going on in the world of science, and certainly it is only possible in laboratories equipped with state of the art equipment, and the equipment is extremely important. NSF has made it possible for our institutions to acquire much of the equipment that we have used in teaching and learning and research over the years. A lot of it is out of date, and we have very great need for state of the art instrumentation.

So in light of our experience with undergraduate research participation, we support the Foundation's three-fold approach outlined in the budget document for fiscal year 1987, which proposes that, one, undergraduate research participation will be expanded and strengthened; two, that imaginative approaches to individual faculty development will be encouraged so that faculty are current in their disciplines; and, three, very vital instructional equipment support will be increased.

So we support the proposed program, and to go along with that, our colleges strongly support the increase of $13 million over a base this year of $15 million to support research and educational activities at predominantly undergraduate institutions.

The program that NSF envisions for fiscal year 1987 will just begin to reverse the effects of serious and dangerous neglect by the NSF of undergraduate education in the production of research scientists, science teachers and technicians. The National Science Board Task Committee report, which our colleges believe is an excellent report on the state of undergraduate science in this country, provides also a vision and a plan for the future which we believe we need to pursue with all due haste, and so we encourage you to adopt this report as a blue print for action in the enhancement of undergraduate education in the future.

I want to inject a personal note as I close. My own background has been as a research scientist, a physicist, and a mathematician and teacher of science. I have been a recipient of NSF grants, I have been a mentor of undergraduate students in one of these institutions, and Dean and a President, and so I come to this Committee with significant insights and background into this matter.

I respectfully request that the full report which I have made available to you will be placed in the record. I want to thank you for the opportunity of appearing before this Subcommittee to encourage your support and renew the attention by NSF to undergraduate science education. We are grateful to this Subcommittee for its past support for undergraduate science education and research, and we urge you to continue that support.

I welcome the opportunity to respond to any questions you might have relative to my statement here. And I would be happy to correspond with you or talk with you at greater length later, because I think this issue is so important and vital for the health of our nation in the future.

[The statement of David Marker follows:]

Statement by

David Marker
President, Cornell College

on behalf of

The Great Lakes Colleges Association,
The Associated Colleges of the Midwest,
Reed College and Connecticut College

on the

Fiscal Year 1987 Appropriation for the National Science Foundation

before the

Subcommittee on HUD-Independent Agencies
of the
House Committee on Appropriations

on

May 6, 1986
H-143, The Capitol

Mr. Chairman and Members of the Subcommittee:

I am David Marker, President of Cornell College of Iowa. I am pleased to have been invited to testify before this subcommittee as you consider the fiscal year 1987 appropriation for the National Science Foundation. In appearing here today, I am representing the twenty-five undergraduate liberal arts colleges which comprise the Associated Colleges of the Midwest (ACM) and the Great Lakes Colleges Association (GLCA)*. Reed College in Oregon and Connecticut College also join in supporting our position.

The National Science Foundation's historic mandate is a dual one: to support the most promising basic research and to provide for our future scientific capacity through the support of science education at the undergraduate and precollege levels. Both our national security and our economic preeminence rest on continued excellence in scientific research and in the development of an adequate number of scientists, teachers of science and technicians for the future. Projections from a recent National Science Board Task Committee Report strongly suggest that as we move into the decade of the Nineties we will not have adequate numbers. After serious and dangerous neglect the National Science Foundation has renewed its commitment to the educational component of its mission, "the development of properly educated and trained people, the human resources pool that provides the scientists and engineers for the future," as NSF Director Erich Bloch aptly put it in introducing the Foundation's budget proposal for fiscal year 1987.

A renewed and much enhanced emphasis on undergraduate science education is so important because scientific careers are frequently chosen -- or not chosen -- during undergraduate years. Early mentors influence the lives of aspiring scientists in these years and make indelible impressions; very often they inspire students to enter a specific field of scientific research and/or the teaching of science. In the finest educational programs -- even at the undergraduate level -- science is best learned by doing science. At our colleges many students have the opportunity to work with a Ph.D. research scientist-teacher in a research laboratory in which "real" science is being done. The insights into the scientific enterprise which result are far more realistic than those produced solely through the use of textbooks, sample problems and "cookbook" (contrived) experiments. It is not uncommon for our students to go to graduate and professional schools with first-hand knowledge of what it really means to do science derived from participation in every phase of scientific work from research design to the publication of the results in refereed scientific journals.

We enthusiastically endorse the recommendations of the National Science Board's Task Committee on Undergraduate Science and Engineering Education released in March on action to be taken to bring NSF funding for undergraduate science support to an appropriate level by fiscal 1989. We quote from the Executive Summary of the final report:

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*The members of GLCA are DePauw, Earlham and Wabash in Indiana; Albion, Hope and Kalamazoo in Michigan; and Antioch, Denison, Kenyon, Oberlin, Ohio Wesleyan and the College of Wooster in Ohio. Members of ACM include Colorado College; Knox, Lake Forest and Monmouth in Illinois; Coe, Cornell and Grinnell in Iowa; Carleton, Macalester and St. Olaf in Minnesota; and Beloit, Lawrence and Ripon in Wisconsin.

The following items list the program areas of highest priority and indicate the distribution of funds appropriate to their complementary and interactive character.

- Laboratory Development------------------------$20 million

  (supporting development projects to improve the laboratory component of science and engineering instruction)

- Instructional Instrumentation and Equipment---$30 million

  (encouraging and supporting joint efforts to remedy the serious deficiencies of instructional instrumentation and equipment)

- Faculty Professional Enhancement--------------$13 million

  (stimulating new ways and sharing the support of the best new and traditional ways of improving the professional qualifications of college and university faculty members)

- Course and Curriculum Development-------------$13 million

  (encouraging and supporting efforts to improve the ways in which technical knowledge is selected, organized, and presented)

- Comprehensive Improvement Projects------------$10 million

  (addressing several of the above priorities simultaneously in a single institution, or across a given discipline, or in a combination of these through consortial efforts)

- Undergraduate Research Participation----------$ 8 million

  (stimulating and supporting the involvement of advanced undergraduate students in research in their colleges and in other places with programs of technical investigation)

- Minority Institutions Program-----------------$ 5 million

  (strengthening the capability of minority institutions to increase the participation of minorities in professional science, mathematics, and engineering)

- Information for Long-Range Planning-----------$ 1 million

  (collecting, studying, and analyzing information and data on undergraduate education in science,

(quotation continues)

engineering, and mathematics, to assist long-range Foundation planning; this funding should include an appropriate level of collaborative work with the Department of Education and other major data sources)

This increase of $100 million, although insufficient to solve all of the problems of undergraduate science, engineering and mathematics education in the United States, can cause truly significant, positive changes. In constant dollars, the proposed programming is not far short of the level of the Foundation's undergraduate activities in the late 1960s. Review of these programs indicated that many of them had strong, positive influence on the quality of undergraduate education, and that experience provides assurance that this proposed level of activity can be effective.

Our colleges are pleased that NSF has proposed for fiscal 1987 an increase of $13 million over a base of nearly $50 million to support research and educational activities at predominantly undergraduate institutions. We further endorse the planned three-pronged approach set forth in the budget summary which intends that:

- o Undergraduate research participation will be expanded and strengthened;
- o Imaginative approaches to individual faculty development will be encouraged; and
- o Instructional equipment support will be increased.

Undergraduate Research Participation

Primarily because of our long and positive experience with NSF's now-discontinued Undergraduate Research Participation (URP) program, the expansion and strengthening of undergraduate research participation is a top priority for our colleges.

To document the importance of undergraduate research participation in our colleges, the ACM and GLCA conducted a survey of our students who participated in the URP program. This program for each summer from 1957 to 1981 provided students with the opportunity to work closely with a faculty advisor in an intensive research project. The program supported projects in several fields, including anthropology, biology, chemistry, economics, geology, mathematics, physics, political science and psychology. The survey instrument designed to gather information about the URP program and its impact on the students' undergraduate and graduate experience, as well as career choice, was sent to nearly 900 former students. The preliminary results from 439 responses show that 59.2% of the former students acknowledge that their current careers were influenced by URP participation: 92.7% hold advanced degrees (20.5% hold masters, 21% M.D. degrees and 46% earned doctoral degrees); 30.3% work in academe, 33.7% in industry, 20.3% in medicine and 6% in government. Within these fields, 63.8% are involved mainly in teaching and/or research.

The comments made about URP were wide-ranging. Many reported that the URP project was the first opportunity to "spend extensive time on one single goal-directed project" and to discover what research was really like through involvement with faculty members and other participants. This experience provided an "edge" in graduate school through the tools of research learned during the URP project. The URP program provided the enthusiasm and encouragement needed by many to remain in science fields.

We will provide the results of this survey to Congress and the NSF as a part of the case for further support of undergraduate science. The URP program in the long run was an excellent way to further American science education and research and realized the objectives of one of the "prongs" proposed by NSF for fiscal 1987.

It is a belief of some that research done in a purely undergraduate setting is not "cutting edge" work. There is impressive evidence to the contrary, however. In background materials done for a conference held at Oberlin College last summer, which brought together 48 good liberal arts colleges with a strong record in science productivity, it was noted that of the approximately 7,000 journal articles in the past five years by about 1400 science faculty at those teaching institutions, one-third had been co-authored with undergraduates. (See Appendix A.)

Undergraduate Faculty Development and Research

Activities mentioned by Mr. Bloch such as "research sabbaticals, participation in industrial research, special short courses and workshops" will supplement opportunities now available to our faculty and will be the primary means of professional development for some of them. "Other approaches, such as building enduring partnerships between a four-year college and a university research organization or industrial laboratory" will not only provide diversity, but will also supply the human and instrumentation resources which will never be available on our campuses because of cost or scale of operation. We are pleased to see that this endeavor will begin in fiscal 1987 and, we hope, be expanded appropriately as the NSB Task Committee recommends under Faculty Professional Development and Comprehensive Improvement Projects headings.

Instructional and Research Equipment

Much of the instrumentation acquired through earlier support from NSF, around which teaching programs in our institutions have been designed and built, is outmoded. The recently established College Science Instrumentation Program (CSIP), instigated by this Subcommittee, makes it possible for undergraduate colleges to acquire modern equipment. For instance, instruments which incorporate computers in data acquisition and analysis give students experience in up-to-date techniques currently in use in industrial, medical, academic and governmental research laboratories.

The impact of the instructional equipment program is far out of proportion to the modest investment of funds by NSF because it requires a match from the grantee institution. Typically, equipment purchased through this program is used in student-faculty research, in more traditional laboratory exercises and in the ongoing research of faculty. This means that even in doing more traditional laboratory exercises, undergraduates in our colleges have access to "state of the art" laboratory instruments. The benefits of dollars for instrumentation are multiplied in undergraduate colleges in a manner not possible, or at least not commonly practiced, in other institutions making the NSF instrumentation program highly cost-effective.

The $2 million increase for CSIP in fiscal 1987, which raises the program's budget to approximately $7.5 million, is a step in the right direction although the recommendation of the NSB Task Committee for $30 million in fiscal 1988 more realistically addresses the need. Given the number of competing institutions now eligible, we urge that the 1987 competition for these funds remain open. Mr. Bloch's proposed $3 million "set aside" for engineering departments in undergraduate and Ph.D.-granting institutions would leave less for awards to undergraduate institutions than in either of the program's first two years.

It has been possible to acquire research instrumentation through the Research in Undergraduate Institutions (RUI) Program. Support which enables acquisition of "state of the art" instrumentation has been one of the most valuable products of this program and we certainly hope it will be sustained.

Faculty Research in Undergraduate Institutions

There has been a reluctance on the part of some of our scientists to apply for grants under the Research in Undergraduate Institutions program. Among those with reservations are researchers who have been successful applicants for NSF research grants in the past, not just noviciates. There is the perception within our faculties that they are at a disadvantage in obtaining research support because of their undergraduate institutional base. It cannot be overemphasized that the record clearly demonstrates that significant research can go on in our colleges. We hope that the NSF will take affirmative steps to inform our scientists that it welcomes proposals from them with their understanding that RUI is a highly competitive program. One way to allay those negative feelings on undergraduate campuses would be to send the staff of NSF research directorates to regional briefings of these faculty.

There have been some problems in the realization of the Small College Faculty Research Opportunity Awards (ROA) because of the highly decentralized nature of this program's administration across the research directorates. Would-be ROA applicants do not have ready access to a list of NSF grantees with whom they could work because NSF no longer issues its annual Grants and Awards publication. The conditions and terms of ROA grants are not clearly stated by all directorates and vary significantly. This situation breeds great confusion among applicants. We hope this committee will join us in pressing NSF leadership for accountability and uniformity in administering the ROA program. It would be very helpful to have uniform guidelines from the research divisions and to publish a list of NSF grantees for potential ROA applicants.

Program Administration

We urge that careful consideration be given to the administration of the various programs proposed for undergraduate institutions. These programs are oriented toward both education and research. Which directorates -- that for science and engineering education or those for research -- will most effectively and efficiently enable the realization of each of the proposed programs is not clear at this time. Our experience is that the College Science Instrumentation Program is well-administered by the science education directorate and should remain there. However, our faculty felt that the former Two- and Four-Year College Research Instrumentation Program, administered from a research directorate, was exemplary but only after it had its own administrator and its own review panels.

We are delighted that the NSB's Task Committee and the National Science Foundation have given renewed attention to issues of undergraduate science to bring about important and overdue changes in emphasis and priority for our Federal science policies.

Thank you for this opportunity to speak on a subject so important to us. We are grateful to this Subcommittee for its past support of undergraduate science education and research. We hope you will find ways to assure the future health of this necessary component in the nation's science effort. The blueprint provided by the National Science Board's Task Committee on Undergraduate Science and Engineering should be useful to you in your deliberations.

Appendix A (page one)

II. Scholarly Activity of the Science Faculty by Discipline :
Journal Articles and Conference Papers,
The 48 Liberal Arts Colleges,
1979-80 through 1983-84

A: Journal Articles

Discipline	Headcount Faculty*	N of Fac. Publish.**	% Publish.	Sole Author	Co-author w/ Faclty	Co-author w/ Studnt	Co-author w/ Stu & Fac	Total Articles	Articles per Fac.	% Student Co-Author
				Numbers of Journal Articles						
Biology	551	396	71.9%	555	901	494	193	2,144	5.41	32.1%
Chemistry	561	326	58.2%	229	658	539	202	1,628	4.99	45.5%
Geology	180	132	73.3%	268	265	55	25	613	4.64	13.1%
Mathematics	602	277	46.0%	569	325	32	5	931	3.36	4.0%
Physics	387	192	49.6%	335	487	112	73	1,007	5.24	18.4%
Other Sciences	184	104	56.7%	211	258	122	48	639	6.13	26.6%
Science Totals :	2,465	1,428	57.9%	2,167	2,894	1,353	546	6,961	4.87	27.1%

B: Conference Papers

Discipline	Headcount Faculty*	N of Fac. Publish.**	% Publish.	Sole Author	Co-author w/ Faclty	Co-author w/ Studnt	Co-author w/ Stu & Fac	Total Papers	Papers per Fac.	% Student Co-Author
				Numbers of Conference Papers						
Biology	551	347	63.0%	696	395	227	109	1,427	4.11	23.5%
Chemistry	561	202	36.0%	493	227	203	35	959	4.75	24.9%
Geology	180	126	69.8%	296	168	71	13	548	4.36	15.2%
Mathematics	602	225	37.4%	529	95	10	9	643	2.85	2.9%
Physics	387	155	40.2%	212	240	58	68	577	3.72	21.8%
Other Sciences	184	84	45.9%	209	70	26	19	324	3.84	13.9%
Science Totals :	2,465	1,140	46.2%	2,436	1,195	595	252	4,478	3.93	18.9%

* Headcount of persons having held teaching faculty status, 1979-80 through 1983-84
** Headcount of such faculty having published at least one item of the type examined

Source: "Educating America's Scientists: The Role of the Research Colleges," a paper prepared for the Conference on "The Future of Science at Liberal Arts Colleges," held at Oberlin College, Oberlin, Ohio, June 9-10, 1985, page 46.

II. Scholarly Activity of the Science Faculty by Discipline :
Books and Literature Reviews Published,
The 48 Liberal Arts Colleges,
1979-80 through 1983-84

C: Books Published

Discipline	Headcount Faculty*	N of Fac. Publish.**	% Publish.	Numbers of Books Published: Sole Author	Co-author w/ Faclty	Co-author w/ Studnt	Co-author w/ Stu & Fac	Total Books	Books per Fac.	% Student Co-Author
Biology	551	43	7.7%	21	40	0	0	60	1.42	.0
Chemistry	561	38	6.8%	48	49	0	0	97	2.54	.0
Geology	180	32	17.5%	16	22	1	0	40	1.26	3.4%
Mathematics	602	48	8.0%	40	26	0	4	70	1.46	5.9%
Physics	387	19	5.0%	30	12	0	0	43	2.21	.0
Other Sciences	184	22	11.9%	25	14	3	0	41	1.88	6.7%
Science Totals :	2,465	202	8.2%	180	163	4	4	351	1.74	2.3%

D: Literature Reviews

Discipline	Headcount Faculty*	N of Fac. Publish.**	% Publish.	Numbers of Literature Reviews: Sole Author	Co-author w/ Faclty	Co-author w/ Studnt	Co-author w/ Stu & Fac	Total Reviews	Reviews per Fac.	% Student Co-Author
Biology	551	219	39.7%	555	75	32	20	681	3.11	7.5%
Chemistry	561	116	20.6%	455	32	20	12	518	4.48	6.1%
Geology	180	70	38.7%	246	37	15	3	302	4.33	6.2%
Mathematics	602	177	29.5%	1,056	19	1	3	1,079	6.08	.4%
Physics	387	117	30.3%	497	53	5	2	555	4.74	1.1%
Other Sciences	184	80	43.5%	328	29	54	3	414	5.18	13.9%
Science Totals :	2,465	779	31.6%	3,136	244	127	42	3,549	4.56	4.8%

* Headcount of persons having held teaching faculty status, 1979-80 through 1983-84
** Headcount of such faculty having published at least one item of the type examined

Source: "Educating America's Scientists: The Role of the Research Colleges," a paper prepared for the Conference on "The Future of Science at Liberal Arts Colleges," held at Oberlin College, Oberlin, Ohio, June 9-10, 1985, page 47.

Mrs. **Boggs**. Thank you very much. We are very grateful to you for pursuing your interest from the very early student days through the Presidency, and now as a representative of many institutions.

I am certain that in your capacity of representing all these institutions that you have been before Mr. Fuqua's Committee on the legislative side. They are holding hearings, as you know, on undergraduate science education. I am sure your testimony and your input will be vital to their reaching any conclusions helpful to the advancement of science.

Mr. **Marker**. Thank you.

Mrs. **Boggs**. We certainly will be back in touch with you. Thank you so much.

Mr. **Marker**. Thank you.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

RICHARD B. GLAZER, PROFESSOR AND CHAIRMAN OF THE DIVISION OF BUSINESS AND HUMAN RESOURCES, ULSTER COUNTY, NEW YORK COMMUNITY COLLEGE

Mrs. **Boggs**. We would like to hear from Richard B. Glazer, Ulster County, New York Community College.

Mr. **Glazer**. Thank you. I am not here in support of the National Science Foundation, but I will endorse any support you can give their National Education Office. We in both the secondary and post secondary schools sorely miss many of the programs that have been eliminated from them because of budget cuts.

It is a pleasure to be here today. I wish to thank Congressman Boland and Congresswoman Boggs for their kindness in providing me the opportunity to represent the environmental training community. This community is vitally concerned with the impact that the loss of environmental training funds will have on the value and performance of our environmental pollution control programs and facilities.

As Chairman of the Division of Business and Human Resources at Ulster County Community College, I have, over the past years, been fortunate to have been in the forefront of the development of environmental training programs and the need to maintain a clean healthy and beautiful environment for ourselves and our children to come.

During this period, I have been even more fortunate to have had the assistance of this Committee, which, through the courage of their convictions, has been able to maintain, during the most trying of times, a continual flow of academic training funds. These funds have led directly to the work force that we see around us. These people who make our drinking and waste water systems work, monitor our waters, air and soil and help safeguard our environment.

Environmental training is a very small part of the EPA's budget and function. The current academic training activities have evolved over the years in response to the educational and training needs required to implement the agency's pollution abatement and control efforts. These programs originating under the air and water programs expanded as new and needed disciplines arose. These included solid and hazardous waste, pesticides, radiation, toxics and more, depending upon the particular authorizing statute.

In addition, new and emerging academic training needs in nontraditional areas has required the program to earmark a portion of the funds for interdisciplinary training activities. Currently, projects being funded are in direct support of several of the agency's top priority programs. Some of these are:

Training of new senior environmental employment program (SEE) workers involved in implementing the small quantity generator program and the implementation of the LUST program.

Training EPA contractors and "SEE" workers working in the asbestos in schools program.

Analyzing and forecasting the work force needs and impact of its environmental regulations.

Supporting minority programs in environmental control.

Unfortunately, regulatory standards have been promulgated over the years with little, if any, attention given to the availability of a trained or skilled work force to successfully implement the requirements. The responsibility to do so has fallen on the national work force development staff and its academic training programs. Too often, too little, too late. This lack of foresight and knowledge has resulted in delays in program implementation, failed court actions, intergovernmental ill-will, expensive crash training efforts and, most of all, a distrust of government and the intent of their environmental pollution control programs.

In light of this discussion, the proposed elimination of academic training funds reminds me of the dialogue between Alice and the cheshire cat in the classic *Alice in Wonderland.* Alice asked the cat, "Would you tell me please which way I ought to walk from here?" "That depends a good deal on where you want to get to," said the cat. "I don't much care where," said Alice. "Then it doesn't matter which way you walk," said the cat.

Unlike Alice, we do know where we have been and where we want to walk and we are becoming increasingly impatient with the continual attempts to set us back 50 years where we must once again unknowingly face the perils of our own waste.

For these reasons, I wish to recommend to this Committee and the Congress that the following supplemental funds be added to the Environmental Protection's fiscal year 1986/1987 Federal budget and these funds be earmarked specifically for academic training under general appropriations abatement and control.

I won't read those, because they are listed.

As environmental trainers and concerned taxpayers, we recognize the impact of the national debt and the constraints of the Gramm-Rudman Act. We have no argument with this. What we ask is that these cuts be applied fairly throughout the Environmental Protection Agency. Academic training should be cut no more or no less than any other EPA program. Academic training money should not be siphoned off to support other programs or maintain or increase their present level of funding.

To accomplish this, Congress must monitor the spending by EPA of its work force development and academic training fund add-ons. This could be done by requesting EPA to submit a March report to this Subcommittee. This would assure that the program would receive its funding prior to the last quarter allowing the program officials to plan their programs and spend their funds wisely.

Once again, I wish to thank this Committee for its graciousness and support over the years. I will be happy to answer any questions you may have.

[The statement of Richard B. Glazer follows:]

TESTIMONY OF

RICHARD B. GLAZER

Representing

The Professional Community Concerned With

The Development of an Environmental Workforce

on

Support of the United States Environmental Protection agency's Environmental Workforce Development Programs

to

SUB-COMMITTEE FOR HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES OF THE COMMITTEE ON APPROPRIATIONS OF THE HOUSE

at

Washington, D.C.

May 6, 1986

Chairman, Division of Business and Human Resources
Ulster County Community College
Stone Ridge, New York 12484
(914) 687-7621

IT IS A PLEASURE TO BE HERE TODAY. I WISH TO THANK CONGRESSMAN BOLAND FOR HIS KINDNESS IN PROVIDING ME THE OPPORTUNITY TO REPRESENT THE ENVIRONMENTAL TRAINING COMMUNITY. THIS COMMUNITY IS VITALLY CONCERNED WITH THE IMPACT THAT THE LOSS OF ENVIRONMENTAL TRAINING FUNDS WILL HAVE ON THE VALUE AND PERFORMANCE OF OUR ENVIRONMENTAL POLLUTION CONTROL PROGRAMS AND FACILITIES.

I AM RICHARD B. GLAZER, PROFESSOR AND CHAIRMAN OF THE DIVISION OF BUSINESS AND HUMAN RESOURCES AT ULSTER COUNTY COMMUNITY COLLEGE. I HAVE, OVER THE PAST YEARS, BEEN FORTUNATE TO HAVE BEEN IN THE FOREFRONT OF THE DEVELOPMENT OF ENVIRONMENTAL TRAINING PROGRAMS AND THE NEED TO MAINTAIN A CLEAN, HEALTHY AND BEAUTIFUL ENVIRONMENT FOR OURSELVES AND OUR CHILDREN TO COME.

DURING THIS PERIOD, I HAVE BEEN EVEN MORE FORTUNATE TO HAVE HAD THE ASSISTANCE OF THIS COMMITTEE, WHO, THROUGH THE COURAGE OF THEIR CONVICTIONS, HAS BEEN ABLE TO MAINTAIN, DURING THE MOST TRYING OF TIMES, A CONTINUAL FLOW OF ACADEMIC TRAINING FUNDS. THESE FUNDS HAVE LED DIRECTLY TO THE WORKFORCE THAT WE SEE AROUND US. THESE PEOPLE WHO MAKE OUR DRINKING AND WASTE WATER SYSTEMS WORK, MONITOR OUR WATERS, AIR AND SOIL AND HELP SAFEGUARD OUR ENVIRONMENT.

ENVIRONMENTAL TRAINING IS A VERY SMALL PART OF THE EPA'S BUDGET AND FUNCTION. THE CURRENT ACADEMIC TRAINING ACTIVITIES HAVE EVOLVED OVER THE YEARS IN RESPONSE TO THE EDUCATIONAL AND TRAINING NEEDS REQUIRED TO IMPLEMENT THE AGENCIES POLLUTION ABATEMENT AND CONTROL EFFORTS. THESE PROGRAMS ORIGINATING UNDER THE AIR AND WATER PROGRAMS EXPANDED AS NEW AND NEEDED DISCIPLINES AROSE. THESE INCLUDE SOLID AND HAZARDOUS WASTE, PESTICIDES, RADIATION, TOXICS AND MORE, DEPENDING UPON THE PARTICULAR AUTHORIZING STATUTE.

IN ADDITION, NEW AND EMERGING ACADEMIC TRAINING NEEDS IN NON-TRADITIONAL AREAS HAS REQUIRED THE PROGRAM TO EARMARK A PORTION OF THE FUNDS FOR INTERDISCIPLINARY TRAINING ACTIVITIES. CURRENTLY, PROJECTS BEING FUNDED ARE IN DIRECT SUPPORT OF SEVERAL OF THE AGENCIES TOP PRIORITY PROGRAMS. SOME OF THESE ARE:

- TRAINING OF NEW SENIOR ENVIRONMENTAL EMPLOYMENT PROGRAM (SEE) WORKERS INVOLVED IN IMPLEMENTING THE SMALL QUANTITY GENERATOR PROGRAM AND THE IMPLEMENTATION OF THE LUST PROGRAM.
- TRAINING EPA CONTRACTORS AND "SEE" WORKERS WORKING IN THE ASBESTOS IN SCHOOLS PROGRAM.
- ANALYZING AND FORECASTING THE WORKFORCE NEEDS AND IMPACT OF ITS ENVIRONMENTAL REGULATIONS.
- SUPPORTING MINORITY PROGRAMS IN ENVIRONMENTAL CONTROL.

UNFORTUNATELY, REGULATORY STANDARDS HAVE BEEN PROMULGATED OVER THE YEARS WITH LITTLE, IF ANY, ATTENTION GIVEN TO THE AVAILABILITY OF A TRAINED OR SKILLED WORKFORCE TO SUCCESSFULLY IMPLEMENT THE REQUIREMENTS. THE RESPONSIBILITY TO DO SO HAS FALLEN ON THE NATIONAL WORKFORCE DEVELOPMENT STAFF AND ITS ACADEMIC TRAINING PROGRAMS. TOO OFTEN, TOO LITTLE, TOO LATE. THIS LACK OF FORESIGHT AND KNOWLEDGE HAS RESULTED IN DELAYS IN PROGRAM IMPLEMENTION, FAILED COURT ACTIONS, INTERGOVERNMENTAL ILL-WILL, EXPENSIVE CRASH TRAINING EFFORTS AND MOST OF ALL A DISTRUST OF GOVERNMENT AND THE INTENT OF THEIR ENVIRONMENTAL POLLUTION CONTROL PROGRAMS.

IN LIGHT OF THIS DISCUSSION, THE PROPOSED ELIMINATION OF ACADEMIC TRAINING FUNDS REMINDS ME OF THE DIALOGUE BETWEEN ALICE AND THE CAT IN THE CLASSIC ALICE IN WONDERLAND. ALICE ASKED THE CAT, "WOULD YOU TELL ME PLEASE WHICH WAY I OUGHT TO WALK FROM HERE?" "THAT DEPENDS A GOOD DEAL ON WHERE YOU WANT TO GET TO," SAID THE CAT. "I DON'T MUCH CARE WHERE", SAID ALICE. "THEN IT DOESN'T MATTER WHICH WAY YOU WALK", SAID THE CAT.

UNLIKE ALICE, WE DO KNOW WHERE WE HAVE BEEN AND WHERE WE WANT TO WALK AND WE ARE BECOMING INCREASINGLY IMPATIENT WITH THE CONTINUAL ATTEMPTS TO SET US BACK 50 YEARS WHERE WE MUST ONCE AGAIN UNKNOWINGLY FACE THE PERILS OF OUR OWN WASTE.

FOR THESE REASONS, I WISH TO RECOMMEND TO THIS COMMITTEE AND THE CONGRESS THAT THE FOLLOWING SUPPLEMENTAL FUNDS BE ADDED TO THE ENVIRONMENTAL PROTECTION AGENCY'S FY 1986/87 FEDERAL BUDGET AND THESE FUNDS BE EARMARKED SPECIFICALLY FOR ACADEMIC TRAINING UNDER GENERAL APPROPRIATIONS ABATEMENT AND CONTROL.

COMPUTER MODEL FORECASTING PROTOTYPES FOR WORKFORCE AND NEW REGULATION NEEDS	300,000
FELLOWSHIPS FOR NEW OCCUPATIONS	75,000
AIR, WATER AND ABATEMENT CONTROL COMPLIANCE	2,500,000
CONTINUATION OF FORECASTING SURVEYS	250,000
TRAINING OF MINORITY STUDENTS IN MINORITY SCHOOLS	100,000
CURRICULUM DEVELOPMENT ACROSS DISCIPLINES	75,000
AIR POLLUTION TRAINING CENTERS	400,000
DRINKING WATER FELLOWSHIPS TO STATES	500,000
OFFICE OF TOXICS FOR CERTIFICATION PROGRAM FOR REMOVAL OF ASBESTOS FROM PUBLIC BUILDINGS (TO BE RUN BY STATES)	200,000
MINORITY COLLEGE PROGRAMS IN WATER QUALITY	50,000
TOTAL	5,000,000

Testimony-1/124

AS ENVIRONMENTAL TRAINERS AND CONCERNED TAXPAYERS, WE RECOGNIZE THE IMPACT OF THE NATIONAL DEBT AND THE CONSTRAINTS OF THE GRAMM-RUDMAN ACT. WE HAVE NO ARGUMENT WITH THIS. WHAT WE ASK IS THAT THESE CUTS BE APPLIED FAIRLY THROUGHOUT THE ENVIRONMENTAL PROTECTION AGENCY. ACADEMIC TRAINING SHOULD BE CUT NO MORE OR NO LESS THAN ANY OTHER EPA PROGRAM. ACADEMIC TRAINING MONEY SHOULD NOT BE SIPHONED OFF TO SUPPORT OTHER PROGRAMS OR MAINTAIN OR INCREASE THEIR PRESENT LEVEL OF FUNDING. TO ACCOMPLISH THIS, CONGRESS MUST MONITOR THE SPENDING BY EPA OF ITS WORKFORCE DEVELOPMENT AND ACADEMIC TRAINING FUND ADD-ONS. THIS COULD BE DONE BY REQUESTING EPA TO SUBMIT A MARCH REPORT TO THIS SUBCOMMITTEE. THIS WOULD ASSURE THAT THE PROGRAM WOULD RECEIVE ITS FUNDING PRIOR TO THE LAST QUARTER ALLOWING THE PROGRAM OFFICIALS TO PLAN THEIR PROGRAMS AND SPEND THEIR FUNDS WISELY.

ONCE AGAIN, I WISH TO THANK THIS COMMITTEE FOR ITS GRACIOUSNESS AND SUPPORT OVER THE YEARS. I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Mrs. **Boggs**. Thank you very very much. I am very pleased that among the funds that you feel should be added are the air, water and abatement control and compliance funds of $2.5 million. You are very correct in saying that the smaller communities, particularly, have a very hard time understanding the government agencies and their requirements. They don't have the trained personnel.

Mr. **Glazer**. I spent many years as supervisor in a small town in New York, and I know the impact those types of funds have on us. Even though they don't seem to be a great deal when you look at the overall budget and the amount of money we are talking about, when you are sitting in a small town with very limited tax bases and you have waste problems, sewer treatment plants and other systems you have to make work, these funds really become critical, and training of people working becomes absolutely critical.

Mrs. **Boggs**. Thank you. I hope you won't meet any grinning cheshire cats along the way.

Mr. **Glazer**. I think I met several of them in my lifetime.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESSES

T. BYRON COLLINS, S.J., ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

SAMUEL HARVEY, JR., ASSISTANT TO THE PRESIDENT FOR URBAN AFFAIRS AND FEDERAL RELATIONS, GEORGETOWN UNIVERSITY

JAMES B. MICHELS, RESEARCH ASSISTANT, GEORGETOWN UNIVERSITY SCHOOL OF FOREIGN SERVICE—CLASS OF 1987

Mrs. **Boggs**. Father Collins, Georgetown University.

Reverend **Collins**. Good afternoon. Mr. Jim Michels is with me.

Mrs. **Boggs**. We are pleased to have you.

Reverend **Collins**. We will be very brief. Our interest is in the space station. After listening to the interchange between Mr. Boland and Mr. Fuqua on that item, Mr. Fuqua's presentation is far more effective than mine. I was delighted to hear him say the space station was an element in which his Committee has a vital interest.

Georgetown, itself, is involved in the inner cultural aspects of the space station. We have a small grant, and we hope to be of quite some service to the space station program in association with a series of other universities.

I did testify before the Senate on this item, and the reception there was somewhat different than the House. I don't believe they had quite the strong advocate as Mr. Fuqua for the Committee, and I will just tell you what I told the Senators, that the Russians have put up a space station called Mere, and its name in Russian means "peace." The definition of "peace," though, in Russian terminology is, and it is a manned space station, is that the world will be at peace when all nations belong to the Soviet Bloc, which is not my definition of peace or peace of the United States.

Mrs. **Boggs**. Not even China's.

Reverend **Collins**. I don't believe I had to make the advocacy that I had there. I do wish to thank the Committee for its interest in the space station and hope they will continue it. If there are any questions, I would be delighted to answer them.

[The statement of T. Byron Collins follows:]

REV. T. BYRON COLLINS, S.J.
ASSISTANT TO THE PRESIDENT OF
GEORGETOWN UNIVERSITY

DR. SAMUEL HARVEY, JR.
ASSISTANT TO THE PRESIDENT FOR
URBAN AFFAIRS AND FEDERAL RELATIONS
GEORGETOWN UNIVERSITY

MR. JAMES B. MICHELS
RESEARCH ASSISTANT
GEORGETOWN UNIVERSITY
SCHOOL OF FOREIGN SERVICE - CLASS OF 1987

HOUSE APPROPRIATIONS SUBCOMMITTEE ON
HUD-INDEPENDENT AGENCIES

May 6, 1986

April 30, 1986

Appropriations Subcommittee on Hud-Independent Agencies

NASA SPACE STATION

Mr. Chairman, members of the Committee, I am Father T. Byron Collins, S.J., Assistant to the President of Georgetown University. I thank you and the members of this committee for the opportunity to testify.

I am testifying today, as I have in the past, as a representative of Georgetown University, which by its very nature and tradition has concerned itself with the international/intercultural aspects of human experience. We applaud this committee for demonstrating a similar concern and commitment in the FY 1986 Appropriations Bill as it encouraged NASA to increase the involvement of higher educational institutions, such as Georgetown, in the development of ways in which to facilitate and enhance intercultural interfaces within the Space Program, especially with regard to the Space Station project.

At this somewhat precarious point in the U.S. Space Program, at a crossroads between past successes and shortcomings and future potentials, it is crucial that the United States, through NASA, commit itself to preserving and enhancing the working relationships we now have and will soon foster with other nations of the world. In so doing the future successes of the U.S. Space Program, and of the Space Station in particular, both in terms of scientific and technical achievements and improved international relations will be magnified. And now that the Soviet Union has placed its own permanently manned space station, Mir, into orbit and operation, it will be increasingly urgent for the U.S. and its allies to meet such new technological challenges together.

To accomplish this necessary atmosphere of cooperation, we feel that the United States must prove its dedication to progressing with the Space Station and other cooperative programs in a confident and reliable manner, showing the utmost respect for international commitments. Healthy and reliable funding for these international programs is one of the most important steps for achieving this confidence. In response to an invitation by the United States, the European Space Agency has committed itself to spending $30-40 million to Phase B of the Space Station Program, Japan $20-30 million, and Canada $15 million. These commitments must be met by United States appropriations in the next few years in order to secure the confidence of these our most important allies. We therefore urge this Committee to support the international programs of NASA in its budgetary deliberations.

We believe also that it would also be very prudent to continue and increase involvement of colleges and universities in the development of training programs for technicians, scientists, astronauts and officials associated with international projects of NASA on methods and attitudes by which international/intercultural dimensions may most fruitfully and diplomatically be undertaken for the benefits of all nations and individuals involved. Georgetown, with its strong background in international affairs and diplomacy studies, and with a program of Science, Technology and International Affairs already in being, is willing to be a focus and participant in any training or development programs along these lines.

On behalf of our President, Rev. Timothy S. Healy, S.J., we thank you again for this opportunity to testify.

JACK ANDERSON and JOSEPH SPEAR

Other Nations Step Up Space Programs

While Washington's second-guessers and hand-wringers anguish over the Challenger tragedy, other nations are scrambling to overtake the United States in space. Here's what has happened since the shuttle explosion immobilized the National Aeronautics and Space Administration.

- The Soviet Union launched a space station, which will become the core of a huge space complex, with laboratories, manufacturing facilities and living quarters. By contrast, there are mutterings in Washington about canceling the U.S. space station project—which couldn't be deployed, in any event, until the mid-1990s.
- The Soviets have offered the use of their Proton rockets, at a launching price of $24 million, which customers may use if they get tired of waiting for the U.S. shuttles to take off again. The Soviet price per customer is less, incidentally, than it costs for a shuttle-launched satellite.
- The European Space Agency has launched two satellites since the shuttle disaster. Shuttle customers, left stranded, have been invited to sign up with the European agency. It has offered to add four more Ariane rocket launches in 1987-88.
- Britain, France and the Soviet Union have intensified work on manned spacecraft. The Soviets have already tested a small spaceplane that would ride into space atop a booster rocket, spring into orbit and then return to Earth. Japan is rushing ahead with space plans. China is making available its Long March rockets for commercial use.

All the while, the investigation of the Challenger explosion, fanned into a national scandal by an aggressive news corps, has demoralized NASA and bogged down the U.S. space program.

Reporters jumped on NASA for ignoring warnings and taking risks that may have been unwise. But NASA's files are full of self-serving memos routinely written by cautious officials to absolve themselves from blame. If a launch is successful, they can bask in the acclaim. If it should fail, they can cite their I-told-you-so memos.

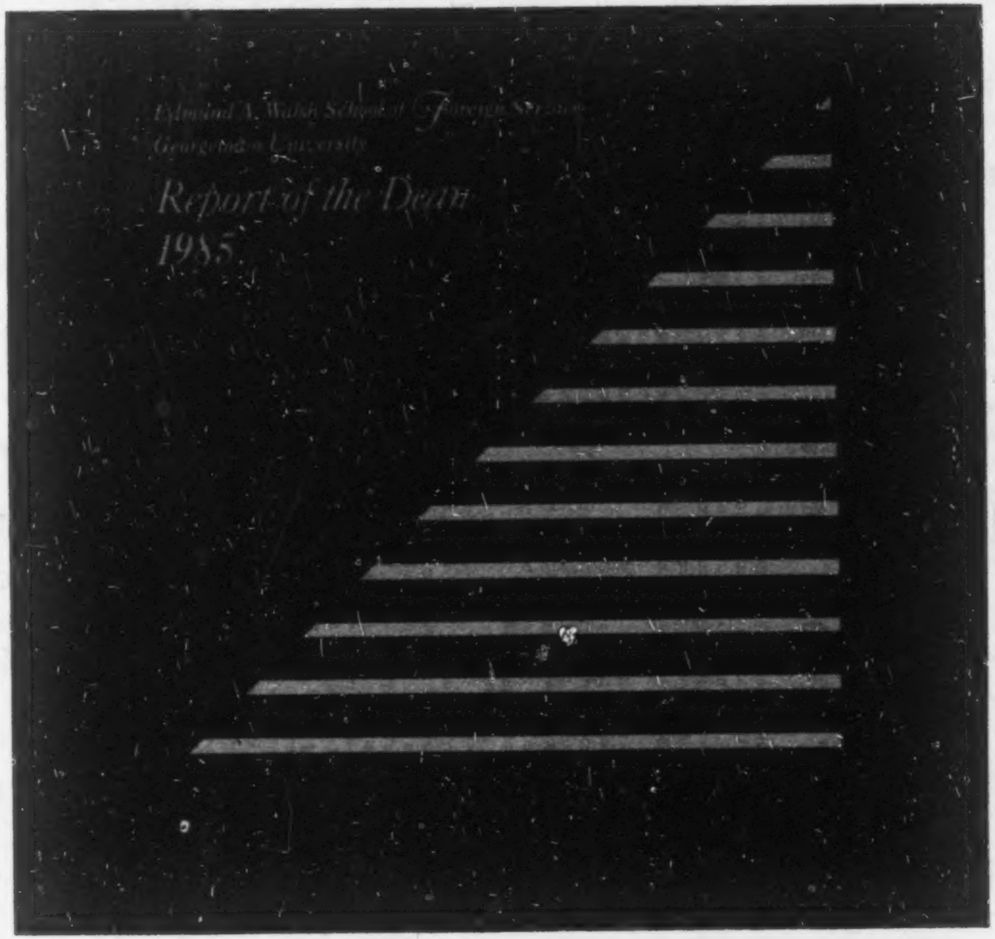
The top people at NASA always have understood that space pioneering has its risks, that progress has a price. They have been careful to give top priority to safeguarding human life. Their safety record is impressive; by many measurements, they have actually made space exploration safer than airplane or automobile travel.

If NASA must guarantee safety, it will simply have to stop all space flights. Engineers will protect themselves by citing all the things that could go wrong and warning against every launch. Officials will be afraid to ignore the warnings and will no longer take risks.

Such a play-it-safe atmosphere would likely drive out of NASA the most resourceful people who have kept the United States on the cutting edge of space technology. About 40 percent of the top people are eligible to retire, most of them on full pension. If they can no longer explore space without risking personal ruin, they may simply walk out.

Then NASA would become blighted with the bureaucratic curse it has avoided—the curse of inertia and passivity—and become another Washington structure more interested in sustaining itself than promoting the national welfare.

OOM HILDA RUSSELL MYERS



Edmund A. Walsh School of Foreign Service
Georgetown University

Report of the Dean
1985

Program in Science, Technology and International Affairs

The public and private sectors of the United States are increasingly aware that exponential changes in science and technology carry profound implications for the entire international community which will require new understandings, new precedents, and new types of international specialists. Both sectors will require, in the years ahead, a corps of professionals who combine training in foreign affairs, intercultural studies, languages, national security, and/or international finance and commerce with literacy in science and technology.

The School of Foreign Service's program in Science, Technology and International Affairs integrates the study of national defense, international affairs and international business with knowledge of the elements of science and technology. The purpose of this interdisciplinary education is to prepare young men and women who understand the implications of technological advances for national security, diplomacy and national competitiveness. The hope is that they will be ready, by virtue of their education, to seize the opportunities for greater international cooperation or to resolve the international tension created by advances in science and technology.

Having initiated work on the Program in Science, Technology and International Affairs as early as 1974, the School's vision predated the current interest in this field. Founded on University resources in 1983 and bolstered by the interest and support of the National Aeronautics and Space Administration, the Armed Forces Communications and Electronics Association, RCA, and most recently the Fund for the Improvement of Postsecondary Education of the Department, the Program in Science and Technology is now an integral part of the School of Foreign Service curriculum. Its future development rests, in many ways, on its present merit.

As an undergraduate interdisciplinary major, the Program in Science, Technology and International Affairs is structured around four major components: 1) the basic principles and methodologies in the natural sciences, mathematics and computer science; 2) the exploration of specific technologies, such as telecommunications, and their political, military, economic, social or international ramifications; 3) the value assigned to scientific and technological innovation by different cultures, with particular curricular and technical foreign language course development focusing on the Soviet Union, Japan and China; 4) and the processes and institutions in the international system by which issues of science and technology are addressed, in both the public or private sectors.

Kenneth Pederson, Director International Affairs, NASA and SFS Research Associate

Over the past months, the School of Foreign Service has continued to strengthen and refine its curriculum in Science, Technology and International Affairs. Within the required core curriculum of the freshman and sophomore years, two new features have been introduced that should stimulate interest in the upperclass concentration. A strong history of science component was incorporated into the new freshman history requirement in "Characteristics of Western Civilization" and a new sophomore seminar on "Science, Technology and Politics" was developed by a member of the Government Department.

Dr. Joseph McClure, Associate Professor of Physics

Course development and/or revision is proceeding within each of the four major categories of the field in Science, Technology and International Affairs. For example, within Group 1, the initial offering in "Computer Literacy for Foreign Service" has been significantly upgraded to a computer applications course to take advantage of the prior preparation of our students in this area. The mathematics requirement has also been subject to review; a course on "Discrete Mathematics and Applied Calculus" is being designed with specific scientific applications for introduction in the 1985-1986 academic year.

In Group 2, which provides the linkage between specific technologies and the international system, a new course entitled "Fundamentals of Advanced Technology" will be introduced next semester by a member of the Physics Department to impart a basic understanding of the scientific and technical aspects of a number of technologies affecting national security, international trade and competition, and global social values. It will explore basic computer components and techniques, computer systems applied to both telecommunications and automated manufacturing processes, aerospace, biotechnologies and problems of intangible technologies such as intellectual property and software. This survey will provide an important building-block for the other courses within this group, some of which were also introduced over the past year: "Technology, Economics and International Affairs" explores questions arising from the manipulation of science and technology by nations, the impact of the importation and transportation of scientific and technological advancements, and the economic and military implications of such transfers; "The Diplomacy of Outer Space" examines the nature of space as it relates to the various interests of nations and the wide range of diplomatic issues that arise in connection with its uses and benefits, is being taught for the second time.

Although Group 3 courses examining the cultural receptivity to advancements in science and technology in international affairs have been well-grounded from the beginning in the history and philosophy of science, the School has been eager to expand this area to provide comparable coverage to systems that diverge from the Western tradition. The appointment of a new full-time faculty member in Asian Studies has allowed the introduction of a course in "Science, Technology and Asia, focusing on China, Japan and the Soviet Union. Under the auspices of the Georgetown University National Resource Center, initial planning has begun for upper-level seminars on the scientific and technological culture of these great powers, each of which will be complemented by technical foreign language courses.

Finally, in Group 4, courses have been introduced on "Science, Technology and Diplomacy," and "Science, Technology and the Foreign Policy Process." The first addresses science and technology as instruments of power in both the cooperative and competitive aspects of foreign policy implementation; the latter emphasizes their growing significance in foreign policy formulation. Both courses are being taught by faculty members who combine academic and professional credentials. Our International Business Diplomacy is now at the conceptualization stage in the development of an additional seminar that will address business concerns within these two spheres.

Looking ahead, a sub-committee of the School's Curriculum Committee was formed to review the Program in Science, Technology and International Affairs in light of the first two year's experience and to initiate a long-term planning process for its development over the next five years. Drawing faculty from the departments of history, international affairs, including the Landegger Program in International Business Diplomacy, and physics as well as practitioners from the National Science Foundation and the International Affairs Office of NASA, this committee will scrutinize this distinctive educational program from the vantage of both educational validity and professional preparation.

Nine students have graduated from the Program in Science, Technology and International Affairs in its first two years. Of these, two are proceeding smoothly through the Foreign Service entry examinations, two are employed in marine and agricultural affairs, and five are attending professional graduate programs in law, engineering and architecture. Approximately twenty additional students are currently pursuing this field of concentration and over one hundred students from other areas such as International Economics and International Politics are enrolling annually in individual courses that inform their majors.

The School of Foreign Service is recognized as pioneering the advances in education for future leaders to understand the new international agenda of science and technology issues. Its location in Washington, D.C. has lent itself to discussions with the National Academy of Science, the Foreign Service Institute, and the Air and Space Museum. Students are complementing their academic inquiry into this field with internships in the International Affairs Office of NASA and COMSAT and with summer employment or internships with corporations such as AT&T International, Data Resources, ITT and IBM.

Moreover, with the assistance of NASA, AFCEA and the Department of Education, the School of Foreign Service has inaugurated a complementary outreach program of symposia and seminars. Last February, it joined with the Institute for the Study of Diplomacy to host a symposium on "International Affairs Education for the Technological Revolution" that brought educators together with representatives from U.S. government and business as well as the diplomatic community. This year, it will co-sponsor with the Kennedy Institute of Ethics a conference on "The International Implications of Biotechnology" and with AFCEA a symposium on "The Diplomacy of the Strategic Defense Initiative." The School's Landegger Program in International Business Diplomacy is also organizing lecture series on advanced technology and international public policy for students and business and government representatives.

RESEARCH AND DEVELOPMENT

FISCAL YEAR 1987 ESTIMATES

BUDGET SUMMARY

OFFICE OF SPACE STATION

SPACE STATION PROGRAM

SUMMARY OF RESOURCES REQUIREMENTS

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Budget Estimate	Page Number
		(Thousands of Dollars)			
Definition.............................	155,500	230,000	205,000	260,000	RD 1-4
Utilization...........................	(9,300)	(15,000)	(11,100)	(15,000)	RD 1-4
Advanced Development................	(50,100)	(82,000)	(70,800)	(83,000)	RD 1-4
Program Management/Integration......	(35,700)	(52,000)	(57,800)	(88,000)	RD 1-5
Operational Readiness...............	(2,900)	(7,000)	(5,300)	(17,000)	RD 1-5
System Definition	(57,500)	(74,000)	(60,000)	(57,000)	RD 1-5
Development..........................	---	---	---	150,000	RD 1-5
Total..............................	155,500	230,000	205,000	410,000	

Distribution of Program Amount by Installation:

	1985 Actual	1986 Budget Estimate	1986 Current Estimate	1987 Budget Estimate
Johnson Space Center..................	63,566	111,900	100,202	146,800
Kennedy Space Center..................	2,852	5,300	3,216	10,200
Marshall Space Flight Center..........	36,009	45,400	37,242	37,000
National Space Technology Laboratories	300	400	624	600
Goddard Space Flight Center...........	16,379	17,800	16,611	15,000
Jet Propulsion Laboratory.............	5,277	7,600	4,464	5,900
Ames Research Center..................	3,240	4,500	1,943	1,700
Langley Research Center...............	4,880	4,100	5,627	4,600
Lewis Research Center.................	16,734	26,800	20,769	20,500
Headquarters.........................	6,263	6,200	14,302	167,700*
Total..............................	155,500	230,000	205,000	410,000

*Development funds of $150,000 are shown at Headquarters pending decisions on the individual elements and related field center assignments.

OBJECTIVES AND STATUS

The Space Station will provide a unique capability to enhance the Nation's space science and applications program and to further the commercial utilization of space while stimulating advanced technologies. Development of the permanently manned Space Station, as directed by President Reagan, will follow a vigorous but deliberately-paced program plan which will permit us to maintain the preeminence in space our Nation has attained through various manned and unmanned programs.

The Space Station will be a multi-purpose, international facility providing a permanent human presence in space to conduct essential scientific and technical research, to support unique commercial activities and to perform operational tasks more efficiently in space. International participation in the Space Station program was encouraged by President Reagan in his 1984 State of the Union address. Canada, member states of the European Space Agency (ESA), and Japan have responded enthusiastically. Memoranda of Understandings (MOU) for the definition and preliminary design phase were executed with Canada, ESA, and Japan in the Spring of 1985 concurrent with the initiation of the NASA definition contracts. These international partners are undertaking parallel definition and preliminary design studies to identify Space Station elements that each of them may consider for development.

The Space Station will be designed to permit the system to evolve, as warranted, over time and to provide greater user utility and operational capabilities. Its manned and unmanned elements will be designed to facilitate on-orbit maintainability/restorability, operational autonomy, human productivity, and simplified user interfaces. Implicit in these objectives is the recognized need to optimize man/machine systems in space via automation, robotics and artificial intelligence technologies. During the definition period, NASA is conducting trade studies to evaluate various subsystems changes to the Space Station options. Changes to the reference configuration are being made to arrive at the optimum baseline configuration considering user requirements, systems efficiency, development and operations cost, and growth potential. Changes to the initial "power tower" reference configuration that have been baselined so far are: (1) dual keel; (2) "figure 8" module pattern; (3) 43.7 feet module length; (4) 14.7 psi cabin pressure; (5) assembly altitude of 220 nautical miles and a minimal operating altitute of 250 nautical miles; and, (6) 10 to the minus 5 g's microgravity level.

During the definition program, NASA is undertaking a Congressionally-mandated study to examine the feasibility of initially building and deploying a man-tended Space Station followed with a three to five year phase-in of a permanently manned capability. This study will be submitted to the Congress prior to the Administrator's selection of a baseline permanently manned Space Station configuration. All of the NASA centers and Space Station definition contractors are involved in this study which is progressing on schedule.

The Station and its platforms will be placed and maintained in low-Earth orbit by the Space Transportation System, thereby building upon the previous national investment in space. The initial launch of the Space Station elements will occur in the early to mid-1990's.

The definition and preliminary design phase will continue through FY 1987 and will provide the technical and programmatic plan for the Space Station program, including the completion of the detailed definition and preliminary design, the analysis and integration of national and international user community requirements, and the advanced development of technology options. A continuing emphasis on user requirements will be maintained throughout the definition phase as the preliminary engineering design evolves through subsystem advanced development and testing in dedicated test beds. Flight experiments on the Shuttle will be performed to prove system feasibility, and trade studies to optimize systems and operations will be conducted. This detailed system definition will provide assurance of achieving program objectives.

The development phase, beginning early in FY 1987, will include establishing system design requirements and performing detailed analysis for the initiation of the design and layout of the modules and subsystems, the design of ground support equipment and government furnished equipment, and the design and plans for tooling and manufacturing processes.

CHANGES FROM FY 1986 BUDGET ESTIMATE

The FY 1986 budget estimate of $230 million was reduced in the Congressional review process by $25 million to $205 million. In addition, Congressional direction required that $5 million be added within the available funding for advanced technology work in support of delivery of a flight telerobotic system for a mobile remote manipulator and a smart front-end on the Orbital Maneuvering Vehicle to be used for remote operations and servicing.

To accommodate the effective $30 million budget decrease in the original budget plan, reductions and reallocations were made within the six definition phase functional areas.

Reductions in Utilization were taken in all five discipline areas. These reductions were achieved by eliminating parallel efforts between work package contractors and centers and by consolidating specific discipline definition efforts into common generic tasks that addressed the concerns of science and applications, commercial, and technology accommodations. The reductions in Advanced Development touched all technology areas. The effect of these reductions is the elimination of some technology options earlier than originally planned. For example, in the power technology area, all tasks relating to advanced solar arrays have been terminated including the flight experiment designed to study the interactions of space plasma with high voltage solar arrays. Similarly, in the propulsion/fluid management areas, the flight experiments to

Mrs. **Boggs**. I would like, if I may please, Father, to hear from Mr. Michels.

Reverend **Collins**. Mr. Michels is taking some of the courses that we have. Jim.

Mr. **Michels**. I am a senior in the School of Foreign Service at Georgetown, and I am enrolled in a program which is included in the testimony, called "Science Technology and International Affairs." As part of that program, I have been taking some courses, such as diplomacy of outer space, technology and foreign policy in which we have been discussing the international implications of advanced technologies, especially space, and I have been very interested in the diplomatic concerns and issues of the space station, problems of international cooperation and competition and its coexistence in space that needs to be addressed as we move ahead in the science and technology and space program.

Mrs. **Boggs**. Have you thought about the implications of living in space for a long time and perhaps the adoption of codes of conduct?

Mr. **Michels**. It is extremely important that we have to set up some framework of rules and codes of conduct for the different races that will be living in space, not only in the space station, but in any larger scale existence in space that we may develop.

Mrs. **Boggs**. And have you thought about the implications of the uses of perhaps the great pharmaceutical items that can be produced so purely in space, and how they will be marketed and if they will be available internationally?

Mr. **Michels**. Exactly. There is a great opportunity in space for all different nations, which is one thing we have to concentrate on, the inter-cultural development of industries in space, because different businesses from different nations all will be involved, and we have to see cooperation in space as the whole world, as a unit and that all the different nations, all the different business communities of the different nations should work together to develop common interests and common opportunities for advancement in this kind of industry.

Mrs. **Boggs**. What do you think our Committee can do to be helpful in these regards?

Mr. **Michels**. I think perhaps in some way, you could help direct NASA to focus on programs, such as Georgetown may be a focus of, to combine the talents of different colleges and universities to help NASA direct study and understanding among different countries in the development of the space station and any future endeavors in the industry and cooperation in space.

Mrs. **Boggs**. Thank you very much.

Reverend **Collins**. He said it much better than I could.

Mrs. **Boggs**. Would you like to add something, Father Collins?

Reverend **Collins**. Yes. In the interchange between Mr. Fuqua and Mr. Boland, the amount of money being put up by participant nations in the space program requires an understanding in the cultures of those nations as to why the businesses are putting this money up. I will have to see Mr. Boland, I have to get him a little more interculturally minded, himself.

Mrs. **Boggs**. We are grateful for your humanistic input into these technological and scientific advancements. We are just about to celebrate next year the 200th anniversary of our Constitution, and after all, it represents the compilation all the principles of a great revolution. Since we have a new revolution in science and a new frontier in space, I think it is very important for us to think about codes of conduct and laws that will embrace the principles all of us internationally are hopeful about.

We are very happy to have young people of your caliber interested. Perhaps under the tutelage of our mentor, you will become our first Secretary of Space.

Reverend COLLINS. Thank you very much.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESS

PROFESSOR ANDREW F. NAGY, DEPARTMENT OF ATMOSPHERIC AND OCEANIC SCIENCE, UNIVERSITY OF MICHIGAN, ON BEHALF OF THE SPACE SCIENCE WORKING GROUP, ASSOCIATION OF AMERICAN UNIVERSITIES

Mrs. BOGGS. Mr. Nagy is next.

Mr. NAGY. Thank you for providing me this opportunity to comment on NASA's fiscal year 1987 budget.

I believe you have a copy of my written, more detailed testimony, so just let me highlight a few points.

These are difficult times for our nation's space program which leave us wondering about the future. However, these are also good times for reflection. It would do us well to give thoughtful consideration to the goals and future of the U.S. space programs, including an assessment of the financial resources we are willing to devote to it.

If this nation is to continue to play a leading and pioneering role in a wide variety of space activities, as we think it should, the outcome of this analysis may call for a greater allocation of resources than we are presently committing to the program.

I represent the Space Science Working Group of the Association of American Universities, which is a consortium of 23 universities that are actively involved in space research.

The university scientific community provides the backbone for space science research in the United States. It is the source of new talent, through the training of graduate students and postdoctoral researchers. It has a major role in developing the fundamental scientific questions to be pursued and in the development of new scientific instruments. It provides most of the scientific manpower engaged in the analysis and interpretation of mission results.

The university space science community, however, is a very fragile enterprise. The number of viable groups that have survived through the recent years of budgets, which have either barely or not even kept up with inflation, is minimal. We must insure that there is a continuity of funding to these groups so that they are not dissolved, never to be reassembled again.

Significant efforts have been made to protect and maintain the infrastructure at various NASA centers to protect the nation's future ability to carry out a viable space program. However, we cannot forget that in order to achieve these same goals, careful nurturing of the university-based space science community is just as important. Unless we take deliberate, well-considered actions to protect the university space science community in these times of shuttle reprogramming and budgetary reductions, it will be irreparably damaged or destroyed.

In the current fiscal year, the Gramm-Rudman-Hollings reduction for the Office of Space Science and Applications is 4.6 percent, or $72 million.

We are dismayed to note that NASA's fiscal year 1986 revised operating plan reveals that the OSSA Research and Analysis budgets have been reduced by amounts in the range of 4.8 to 5.4 percent. According to the NASA document, these reductions do not involve the impact of the Challenger accident.

We think it unfortunate that these accounts which have been funded at modest levels for the past several years must bear a disproportionate amount of the legislatively mandated, across-the-board 4.3 percent reduction. We have also just learned that in some of the OSSA divisions the effective cuts in R&A, Suborbital Programs and Mission Operations and Data Analysis exceeds 10 percent for fiscal year 1986, because of extra "taxes" for a variety of other activities, for example, space station studies, aircraft replacement.

We would ask, as you develop fiscal year 1987 appropriations legislation for NASA, that you consider the following two principles:

One, do not put the space science program in double jeopardy. The Office of Space Science and Application will already bear considerable costs for delays in shuttle flights. Do not also require that it contribute to the cost of replacing the fourth orbiter, or to the development of alternative launch capabilities.

Two, give significant priority to the research and analysis budgets in order to maintain the capabilities of the university space science community, and indeed, if possible, enhance these funds to provide alternative funding to that which was expected from flight missions.

The continuing analysis of data from ongoing missions is a particularly cost-effective means to advance science. Indeed, in this time of no new flight opportunities, it is another means to provide educational opportunities for graduate students, and to put university research capabilities to productive use. Proposed funding for mission operations and data analysis, in some cases, had been significantly increased to accommodate missions that were to have been launched this year, but are now delayed.

Whenever possible, these funds should be directed to the continued operation and data analysis of operating spacecraft still returning important scientific information, for example, some of the pioneers and explorers.

A continuing problem for U.S. space science has been the lack of low-cost flight opportunities—a problem now exacerbated by the loss of Challenger. Low-cost flight opportunities are essential for the development of new instrumentation and for the training of students.

Special care must be taken to protect the funding of the suborbital program—balloons, rockets and aircraft. In addition, NASA should provide support for U.S. participation in flights of opportunity, both domestic and foreign. The training of the next generation of space scientists cannot cease, while the shuttle problems are rectified.

The President's proposed fiscal year 1987 budget contains a new start for the ocean topography experiment and funding for instruments to be flown as part of the international solar terrestrial program. We are particularly pleased to see these in the budget as there are no new start proposed for fiscal year 1986.

These missions will provide for the orderly advance of U.S. space science and are essential to the continuity of the program. We ask that you support their successful execution.

The nation's grief over the loss of the Challenger crew was accompanied by an overwhelming resolve to continue and to move forward with the space program. There will be a shuttle program and eventually a space station. Similarly, there will be a vigorous space science program.

The potential of mandated across-the-board cuts in fiscal year 1987 is estimated at approximately 8 percent to 10 percent below the post-Gramm-Rudman-Hollings level for fiscal year 1986. If a reduction of this magnitude is inflicted on the Office of Space Science and Applications, the nation may cease to have a viable space science program.

It is ironic and sad that an outcome of the Congress' near-term actions to repair the nation's economy by cutting budgets is disabling the scientific infrastructure that is so crucial to the nation's long-term economic health. Surely, there must be a better way to reduce the Federal deficit, and we encourage the Congress and the President to find it.

The development of the NASA budget this year has unparalleled significance. The recent stunning successes of the European, Japanese and Soviet probes which photographed Comet Halley and explored its surroundings provide a keen reminder of the high priority given to space research by the major industrial countries.

The success of these probes, and the conspicuous lack of a leading American participation in this adventure, were outcomes of decisions made years ago. Similarly, the decisions made this year and next will determine the shape of the U.S. space program in the 1990s and will determine whether or not we maintain our leadership in space.

The budget must be designed to protect the essential elements of the space science program against the consequences of reprogramming and budgetary reductions. It must protect the university space science community so that it can continue to provide the underpinning for space science research in the future. It must advance space science with a new start for the ocean topography experiment and with support for the international solar terrestrial program.

Let us not compound the shuttle tragedy by allowing irreparable harm to be done to the nation's space science effort.

Thank you.

Mrs. BOGGS. Thank you very much for your testimony and we are very grateful that you have brought it before us. Your full statement will be in the record in its entirety.

I agree that we shouldn't let this time of hiatus in the shuttle program deter us from going full steam ahead with other programs.

Mr. NAGY. I guess maybe to add or summarize again, the university space science community is a very major, important commitment to the future of our space science activities and in order to make short-term resolutions of present problems we should not jeopardize it.

Mrs. BOGGS. Thank you very much.

[The statement of Mr. Nagy follows:]

STATEMENT OF
PROFESSOR ANDREW F. NAGY
DEPARTMENT OF ATMOSPHERIC AND OCEANIC SCIENCE
THE UNIVERSITY OF MICHIGAN
ON BEHALF OF THE
SPACE SCIENCE WORKING GROUP
ASSOCIATION OF AMERICAN UNIVERSITIES

ON

THE FY 1987 APPROPRIATIONS FOR NASA

BEFORE

THE SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES
OF
THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

MAY 6, 1986

Mr. Chairman and Members of the Committee:

These are difficult times for our nation's space program: the tragic loss of Challenger and its crew, the uncertainty as to when we will launch satellites again, and the potential for budget cuts under the Gramm-Rudman-Hollings bill. All of these leave us wondering about the future. These times are also good times for reflection. It would do us well to give thoughtful consideration to the goals and future of the U.S. space program including an assessment of the financial resources we are willing to devote to it. If this nation is to continue to play a leading and pioneering role in a wide variety of space activities--as we think it should--the outcome of this analysis may call for a greater allocation of resources than we are presently committing to the program.

I represent the Space Science Working Group of the Association of American Universities, which is a consortium of 23 universities that are actively involved in space research. I would like, today, after my brief and general introductory statement, to comment on the proposed FY 1987 space science budget. (A more detailed analysis of the Administration's proposed budget will be sent to the Members of this Subcommittee.) However, I cannot do that without also sharing with you concerns we have about the consequences of the Shuttle tragedy and of Gramm-Rudman-Hollings budget reductions. I will also argue that--if the University community is expected to continue to play its vital role in the nation's space program--university based space science efforts must be given priority considerations in the near-term and long-term program and budget planning at NASA.

The university scientific community provides the backbone for space science research in the United States. It is the source of new talent, through the training of graduate students and postdoctoral researchers. It has a major role in developing the fundamental scientific questions to be pursued and in the development of new scientific instruments. It provides most of the scientific manpower engaged in the analysis and interpretation of mission results. Indeed, one of the basic reasons that the United States conducts the space program is for the scientific breakthroughs NASA makes; the university scientific community is an essential participant in these activities.

The university space science community, however, is a very fragile enterprise. The number of viable groups that have survived through the recent years of budgets, which have either barely or not even kept up with inflation, is minimal. We must insure that there is a continuity of funding to these groups so that they are not dissolved, never to be reassembled again. Significant efforts have been made to protect and maintain the infrastructure at various NASA centers to protect the nation's future ability to carry out a viable space program. However we cannot forget that in order to achieve these same goals, careful nurturing of the university based space science community is just as important. Unless we take deliberate, well-considered actions to protect the university space science community in these times of Shuttle reprograming and budgetary reductions, it will be irreparably damaged.

The Challenger accident was not only a personal tragedy to the nation, but it will also have profound implications for the conduct of space science in the United States for many years to come. Since the development of Shuttle, we have been dependent on it for the launching of major missions. The flight program is thus at a virtual standstill until the Shuttle flies again, or until alternative launch vehicles are provided. When flights do resume (using the expected mix of manned shuttle and unmanned ELVs), the heavy demands by the military, commercial and space science communities will cause significant further delays and even some cancellations in the planned missions.

These disruptions will have a major impact on the budget of the Office of Space Science and Applications. Delays in flight programs inevitably mean cost overruns. These delays also place an unusual burden on the already strained Research and Analysis budgets of the Office of Space Science and Applications--which provide the basic support for all university space science research. Research and Analysis funds provide for instrument development, theoretical, laboratory, and observational studies, and for graduate education. With the delay in flight programs, Research and Analysis funding takes on a new significance. University groups that had anticipated support from flight programs, now have to rely on Research and Analysis funding to a greater degree.

In the current fiscal year, the Gramm-Rudman-Hollings reduction for the Office of Space Science and Applications is 4.6% or $72 million. Coming as it does in the second half of the fiscal year, this reduction will result in unanticipated cancellations of grants, and will cause serious damage to the orderly execution of university research. We are dismayed to note that NASA's FY 1986 revised operating plan reveals that the OSSA Research & Analysis (R&A) budgets have been reduced by amounts in the range of 4.8 to 5.4%. According to the NASA document, these reductions do not involve the impact of the Challenger accident. We think it unfortunate that these accounts which have been funded at modest levels for the past several years must bear a disproportionate amount of the legislatively mandated, across the board 4.3% reduction. We have also just learned that in some of the OSSA Divisions the effective cuts in R&A, Suborbital Programs and Mission Operations & Data Analysis exceeds 10% for fiscal year 1986, because of extra "taxes" for a variety of other activities (e.g., Space Station studies, aircraft replacement).

We would ask, as you develop FY 1987 appropriations legislation for NASA, that you consider the following two principles:

1) Do not put the space science program in double jeopardy. The Office of Space Science and Application will already bear considerable costs for delays in Shuttle flights. Do not also require that it contribute to the cost of replacing the fourth orbiter, or to the development of alternative launch capabilities.

2) Give significant priority to the Research and Analysis budgets in order to maintain the capabilities of the university space science community, and indeed, if possible, enhance these funds to provide alternative funding to that which was expected from flight missions.

The proposed FY 1987 budgets for Research and Analysis would provide funding essentially at the FY 1986 level--that is, the level prior to Gramm-Rudman-Hollings cuts. At the very least, in any reprograming or amending of the budget, the Research and Analysis budget should not be allowed to fall below the proposed FY 1987 level.

The continuing analysis of data from ongoing missions is a particularly cost-effective means to advance science. Indeed, in this time of no new flight opportunities, it is another means to provide educational opportunities for graduate students, and to put university research capabilities to productive use. Proposed funding for Mission Operations and Data Analysis, in some cases, had been significantly increased to accommodate missions that were to have been launched this year, but are now delayed. Whenever possible, these funds should be directed to the continued operation and data analysis of operating spacecraft still returning important scientific information, e.g., some of the Pioneers and Explorers.

A continuing problem for U.S. space science has been the lack of low-cost flight opportunities--a problem now exacerbated by the loss of Challenger. Low-cost flight opportunities are essential for the development of new instrumentation and for the training of graduate students. Special care must be taken to protect the funding of the suborbital program--balloons, rockets, and aircraft. In addition, NASA should provide support for U.S. participation in flights of opportunity, both domestic and foreign. The training of the next generation of space scientists cannot cease, while the Shuttle problems are rectified.

The President's proposed FY 1987 budget contains a new start for the Ocean Topography Experiment (TOPEX) and funding for instruments to be flown as part of the International Solar Terrestrial Program (ISTP). We are particularly pleased to see these in the budget as there was no new start proposed for FY 1986. These missions will provide for the orderly advance of U.S. space science and are essential to the continuity of the program. Nothing should be allowed to interfere with their successful execution.

The nation's grief over the loss of the Challenger crew was accompanied by an overwhelming resolve to continue and to move forward with the space program. There will be a Shuttle program and eventually a Space Station. Similarly, there will be a vigorous space science program. The potential of mandated across-the-board cuts in FY 1987 is estimated at approximately 8% to 10% below the post-Gramm-Rudman-Hollings level for FY 1986. If a reduction of this magnitude is inflicted on the Office of Space Science and Applications, the nation may cease to have a viable space science program. It is ironic and sad that an outcome of the Congress' near term actions to repair the nation's economy by cutting budgets is disabling the scientific infrastructure that is so crucial to the nation's long term economic health. Surely, there must be a better way to reduce the federal deficit and we encourage the Congress and the President to find it.

The development of the NASA budget this year has unparalleled significance. The recent stunning successes of the European, Japanese and Soviet probes which photographed Comet Halley and explored its surroundings provide a keen reminder of the high priority given to space research by the major industrial countries. The success of these probes, and the conspicuous lack of a leading American participation in this adventure, were outcomes of decisions made years ago. Similarly, the decisions made this year and next will determine the shape of the U.S. space program in the 1990's, and will determine whether or not we maintain our leadership in space.

The budget must be designed to protect the essential elements of the space science program against the consequences of reprograming and budgetary reductions. It must protect the university space science community so that it can continue to provide the underpinning for space science research in the future. It must advance space science with a new start for the Ocean Topography Experiment (TOPEX), and with support for the International Solar Terrestrial Program (ISTP).

Let us not compound the Shuttle tragedy by allowing irreparable harm to be done to the nation's space science effort.

Thank you.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESSES

JOHN CLARK, VICE PRESIDENT, PUBLIC POLICY, AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS

NORRIS KRONE, CHAIRMAN, AD HOC ADVISORY COMMITTEE ON NATIONAL AERONAUTICS, AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS

Mrs. BOGGS. Now we are pleased to hear from Dr. John Clark and Dr. Norris Krone, American Institute of Aeronautics and Astronautics.

We are pleased to have you with us. We will put your contributions into the record and you may proceed as you wish.

Mr. CLARK. Thank you.

I appreciate the opportunity to testify on behalf of the American Institute of Aeronautics and Astronautics.

Mrs. BOGGS. We are very pleased to have you.

Mr. CLARK. The organization at this point represents nearly 40,000 professionals in the field represented here. It is a nonprofit professional society dedicated to advancing arts, science and technology of these fields and to nurturing and promoting professionalism of those engaged in these pursuits.

It is a real pleasure to be following the testimony of Dr. Nagy. His comment on the field of science and application is most helpful. I must say that while we appreciate, as all responsible citizens do, the need for constrained Federal spending, at the same time this is a field in which not only do, we have the benefit of the seed corn provided by our research and development, but it is also a field which, we have seen all too clearly in recent months, is most important in terms of international perception of our technological capability, so there exists an advantage in spending in this area and a double need to remedy the deficiencies which have become so apparent in recent months.

I shall mention a few specifics of this report which I believe you are incorporating in the record and I would refer to this blue book which we have made available to your Committee which has been provided by the National Commission in Space.

I believe the completed report will be available to the public within the next month.

I will turn to Dr. Norris Krone to discuss the budget after I make brief remarks on the space side.

It is clear in the view of AIAA that a sound and viable space transportation capability must be maintained, both expendable and manned. Obviously the replacement for Challenger is vital to support a robust capability for DOD and NASA.

One item that has not received, we feel, the importance that it should have is the fact that there is a single aircraft capable of carrying the shuttle from one coast to another and we support the NASA request for funds for a second carrying aircraft.

In the longer term, if we are to achieve the sort of low-cost access to space that everybody realizes is necessary, we must get into advanced concepts like the aerospace plane. We also support continuing development of the orbital maneuvering vehicle which will extend the capability of the shuttle, and to properly phase and help bridge the gap until we have the original shuttle capability restored.

The space station is probably the most important new start, and I think I would like to just quote one paragraph from this report to which I referred, labeled "Global Habitability." If space is truly for the benefit of all mankind, then space programs relative to enhancing global habitability should logically take precedence over all others to benefits to mankind.

Close behind, if not of equal rank, could be the space station. Last year we applauded the farsighted action of Congress in initiating the Advanced Communications Technology Satellite program, the ACTS program, and we strongly endorse reinstatement of this program in the NASA budget and the rejection of the requested 1986 rescission.

I think that these estimates about the revenue to the Treasury from taxing operational ACTS technology will greatly exceed NASA's total investment are quite conservative.

We have had very successful commercial communications technology. The space sciences and astronomy budget, the TOPEX joint U.S.-French program is a most valuable program.

NASA supports a number of major programs that are already under development, Magellan, some are unpronounceable acronyms, the MARS observer—I won't bother you with those, but they are exceedingly important for reasons which my predecessor went into, I think, quite capably.

There are some disappointments: ISTP, we are particularly disappointed because of the international commitment which is not being carried through. Our optical telescope is of particular importance in this area. It is embarrassing to have most of the space nations of the world looking at Halley's Comet up close and we sit watching results emanating from the Soviet Union.

It was a magnificent international cooperation. Without the U.S. tracking network, without the Soviet results from their modest distance, it would not have been possible to target the European space agency spacecraft within 300 miles of that most interesting object. It is a pity and we recommend that NASA follow up the astounding successes of our Voyager mission and the other planets. Those are a matter of decades.

Finally, we are pleased to see the increase recommended for commercialization of space, technology utilization and unless you have questions, I would like to have my colleague tell about the budget part of this presentation.

Mrs. BOGGS. We are happy to have your testimony, Dr. Krone.

Mr. KRONE. As we have in the last couple of years, we vigorously support the NASA aeronautics budget. From a personal standpoint, I would like to say that in the past, the work that NASA has done in aeronautics has been directly responsible for the superior position that this country is in in the aeronautical world today, and we think it is necessary to increase that support. This is based primarily on the fact that there is a large world market that hinges directly upon that superiority.

We do recognize that times are tough in the budgetary world and that $22 million R&D in the budget increase is significant under those circumstances, and the $45 million in for 1987 for the vehicle is also significant.

Important, I think, is the fact that that work is not a substitute for the loss of the Challenger and our relatively near-term problems in injecting payloads into orbit.

The other recognition that we see is LSTF's establishment of the national aeronautics goals which have subsonic and hypersonics involved. We think in the subsonic area there is a lot of work to be done, as well as the fact that it is possible within 10 years to see an efficient supersonic transport that would reduce the rather boring trip from the Eastern Coast of the United States to the Pacific Rim.

The hypersonics project has been essentially revitalized and we think has enormous future applications, but they are relatively long term, and the program is really a research program and it is necessary because you simply can't test vehicles in ground environment.

There are a number of technology areas that we think should be strengthened to support the ACT's superior provision. One I will mention is the verification of aerodynamic codes. There have been tremendous advances in the ability of the computer to predict various phenomena relative to the design of new vehicles, hypersonics as well as the subsonic and supersonic, and we think there is a need to verify those through tests. Essentially, funding constraints have to some degree retarded the ability to do that.

In summary, the R&D dollars put into aeronautical research today we believe will be returned many fold in the future.

Thank you very much.

Mrs. BOGGS. Thank you very much. We thank both of you. We are very happy, Mr. Clark, to have you aboard. I had a chance to glance at your biographical material. It is evident that your group and all of us will be well served because you have joined us.

Thank you, Dr. Krone, for coming before us again. We have benefited from your testimony previously and we are very grateful to you.

Thank you.

[The statement of Mr. Clark and Mr. Krone follows:]

AMERICAN
INSTITUTE OF
AERONAUTICS AND
ASTRONAUTICS

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202/785-0293

Statement to
Subcommittee on HUD-Independent Agencies
Committee on Appropriations
U.S. House of Representatives

on NASA's FY 87 Budget

by

Dr. John Clark
Vice President, Public Policy

and

Dr. Norris Krone
Chairman, Ad Hoc Advisory Committee on National Aeronautics

American Institute of Aeronautics and Astronautics

May 6, 1986

Mr. Chairman, the American Institute of Aeronautics and Astronautics (AIAA) again thanks you for this opportunity to present its views as you consider the NASA budget for FY 1987. AIAA is a non-profit professional society dedicated to advancing the art, science, and technology of aeronautics and astronautics; and to nurturing and promoting the professionalism of those engaged in these pursuits. We have a membership of over 35,000, drawn from various levels of American industry, academia, and government as well as from numerous nations abroad.

Mr. Chairman, as responsible citizens, we recognize the need for constrained federal spending, but at the same time, we strongly believe that investment in NASA R&D significantly stimulates future economic growth - producing new industries, goods and services, and permanent jobs many times greater than the federal investment.

The AIAA recently prepared and presented a report to the National Commission on Space. This report addressed future directions for the U.S. civil space program and long range projection of technology. We have submitted this report for your information because it has relevance to the NASA budget.In summary, the NASA program as presented in the FY 1987 budget submittal supports in principal all the recommendations made by AIAA in that report to the National Commission on Space. Now I shall turn to the specifics of the NASA FY 1987 budget. Dr. Norris Krone will address the aeronautics budget.

SPACE TRANSPORTATION

The AIAA firmly believes it is essential that a sound, viable space transportation capability be maintained. Because access to space is so vital to our nation both for military and civilian purposes, our national launch capability must be expanded in breadth and depth so as to prevent a rare accident from bringing our space program to a standstill.

The expeditious acquisition of a replacement for Challenger is vital to support future needs and to provide a robust capability for both NASA and the DoD. In addition, the question of whether additional orbiters should be procured, and if so how many, must be addressed along with requirements for spare hardware and the consideration of alternative systems. While the space shuttle will remain a key element in our access to space, the current grounding of the shuttle fleet points up the need for an alternate launch capability. This in no way should be considered as critical of the space transportation system. Rather it is a realistic recognition of the fact that any complex system may develop problems which take time to correct.

In the same vein, we must point out the risk of having only one aircraft able to ferry orbiters back to Kennedy from other landing sites such as Edwards Air Force Base in California. We therefore recommend that NASA procure at least one additional ferry aircraft.

NASA must continue and extend its commitment to reducing the cost of transporting payloads to orbit. We must provide convenient and economical capability for both manned and unmanned payloads. For the near term, we should explore the technology now in hand. In the longer term, however, we must evaluate the development of new technology concepts such as the aerospace plane. Development tasks like this are a worthy use of our time and money, for even if, say, ten years from now, the practical realization of an aerospace plane still proves elusive, our research and development efforts in the meantime could well spin off benefits for other applications and compensate us many times over.

In summary, then, AIAA feels that once the problems that caused the Challenger tragedy are corrected we must move to reconstitute our shuttle capability, and, in the near term, to broaden and deepen our space transport capability with existing technology while looking toward a higher-technology future.

ORBITAL MANEUVERING VEHICLE

The AIAA supports continuing the development of the Orbital Maneuvering Vehicle (OMV). The OMV was a new start in FY 1986 after a number of years of careful study and preliminary design. NASA has properly planned this program and is prepared to select one flight hardware contractor this summer from the three Phase B contractors.

The OMV is needed in order to extend the shuttle's capabilities and relieve our temporarily short-handed shuttle fleet of some tasks that can best be accomplished with a small, remotely piloted vehicle. The OMV will improve the shuttle's efficiency by extending its reach by 1500 miles for the placement and retrieval of satellites. After the OMV is carried to orbit by the shuttle, it can remain there, stored on-orbit, waiting to be activated for its next mission by the ground operator. An OMV can be refueled on-orbit by simple module changeout to avoid unnecessary trips to the ground and back.

The AIAA sees OMV as a cost-effective vehicle that will play an important role in the evolving Space Station infrastructure. It will be used from the Shuttle, and will aid significantly in the assembly and operation of future space assets.

SPACE STATION

The AIAA reaffirms its endorsement of the Space Station program and strongly urges the initiation of a hardware start in 1987. The Space Station will provide the facilities necessary for expanding the commercial exploitation and scientific exploration of space and will help the United States maintain a strong technology base. As we testified last year, the most important commercial products, services and terrestrial technological advancements will probably be based on things we have yet to discover. However, operations and experiments on-board the shuttle already have provided valuable insight into the uses of a permanently manned facility.

We believe that a national commitment to an operational Space Station in the 1990s is an essential next step to the shuttle and that this commitment requires a plan for the program's sustained funding. Uncertain funding results in compromised capability and in significant cost overruns and delays. We further endorse the commitment to an initial capability for permanent manned presence. Although the concept of a man-tended Space Station may be well-intended, its implementation would reduce operational capability and efficiency and would signal a less-than-complete commitment to our objective.

The AIAA supports the concept of multi-national participation in the Space Station under U.S. leadership. However, the U.S. Space Station program must retain responsibility for the key advances in technology. Further, the United States must retain responsibility for those elements of the Space Station which are necessary to encompass the basic mission configuration.

ACTS (ADVANCED COMMUNICATIONS TECHNOLOGY SATELLITE)

In FY 86, we applauded the foresighted action of Congress in initiating the ACTS program. Therefore, the AIAA strongly endorses the reinstatement of ACTS in the NASA budget and the rejection of the requested 1986 recision.

This program has measurable benefit to the taxpayer. It is estimated that revenue to the treasury from taxing operational ACTS technology will greatly exceed NASA's total investment in this area in constant dollars.

ACTS is a joint U.S. government-private industry program. Major investments have already been made by the private contractors. Altogether, approximately half the funds needed to complete the program have already been invested, including proof of concept technology development.

SPACE SCIENCES AND ASTRONOMY

In the 1987 NASA budget, we identified two particularly praiseworthy items:

1. A new start is planned for TOPEX, The Ocean Topography Experiment. This joint U.S./French program will provide valuable measurements of the surface topography and physical characteristics of the global oceans. Congress should approve TOPEX in NASA's FY 87 budget. This low risk/low cost program offers substantial benefits for research, fisheries, the shipping industries and improved ocean-related weather forecasting.
2. We commend NASA for its continued support of major flight programs that are under development (e.g., GRO, Magellan,

UARS, MARS Observer) or in operation (Voyager, ICE, ISEE, ERBE, AMPTE, DE).

In the planned 1987 budget, we identified several items that were of concern:

1. The absence of a new start for full U.S. participation in the International Solar-Terrestrial Physics (ISTP) program is a major disappointment. For the past decade, this program has been ranked as the highest priority program for study of the Geospace environment by numerous committees of the NASA, the National Academy of Sciences and the international community.

2. The 1987 budget provides no funds for the continuation of the Solar Optical Telescope (SOT). Failure to continue this program is a major setback for solar physics research.

3. The lack of a new start for the Comet Rendezvous Asteroid Flyby (CRAF) project causes us concern. This year the Soviets, the European Space Agency, and the Japanese have flown spacecraft past Halley's comet and are thus be well ahead of the United States in cometary studies. The future of the U.S. planetary program depends in large part on the timely development of the next generation of planetary spacecraft.

4. The Explorer program development funding shows negligible growth, with the 1987 budget estimate of $56.7M only 2.7% greater then the 1986 budget estimate. In the absence of new starts for U.S. observatory spacecraft, the Explorer program is the principal means of conducting space science and astronomy research. The Explorer program needs to be substantially increased.

Furthermore, a separate line item should be established for the development of experiments-of-opportunity on spacecraft (such as NOAA, DoD, or foreign spacecraft) and for small payloads that are shuttle-launched (such as Spartan, Hitchhiker, and SPAS). For these small payloads, NASA has developed low cost carriers but no line-item to fund development and flight of this class of small payload.

5. There is negligible growth in research and analysis (R and A) funds for nearly all disciplines. The R and A budget is essential for fully explciting space research.

We recommend that NASA follow up on the stunning successes of the Voyager mission by launching the Galileo Jupiter Orbiter and Probe as soon as possible, consistent with shuttle safety considerations.

COMMERCIAL PROGRAMS

Finally, Mr. Chairman, we are pleased to see that NASA is requesting a substantial increase for commercial programs, including Technology Utilization and the Commercial Use of Space. These programs are vital to the transfer of NASA technology to the private sector and to engaging the private sector directly in space research.

AERONAUTICAL R & T

For the last few years the AIAA has been expressing profound concern regarding the government's commitment to maintaining the U.S. as the dominant country in the field of aeronautics. Although the government resources allocated to the development of aeronautical technology have been considerable, it has been our position that the resource levels allocated to NASA were not commensurate with either the enormous free world aeronautics product market of the future, estimated to be approximately $535 billion dollars over the next ten years, or adequate for maintaining a strong lead in the critical military aircraft performance arena.

Although the FY87 NASA aeronautics program reflects a growing recognition of the importance of aeronautical Research and Technology to the health of the country, we believe the 8.0 percent portion of the NASA budget devoted to aeronautical R&T is insufficient to maintain to the U.S.'s world lead in aeronautics. However, the $22 million increase over the FY 86 R&D Technology budget level plus the $45 million programmed for the national aerospace plane (NASP) does certainly represent a step in the right direction.

Last year, hypersonic technology was one of five areas we recommended for additional emphasis. We also recommended research programs directed at flight research vehicles to verify design parameters and correlate ground based (analytical and wind tunnel) predictions. Therefore we support the renewal of the hypersonic flight regime research efforts.

The propulsion system is a critical key to the development of a useful aerospace plane. A scaled model of such a hydrogen burning propulsion unit was built and tested to Mach 7 at NASA Langley. This effort laid the foundation for the propulsion concept and therefore for the entire vehicle concept of the current aerospace plane program. The ability to build a practical aerospace plane also depends heavily on reducing the structural weight of the vehicle.

One major technical issue is the establishment of an adequate data base and overall validation of the design of the experimental manned transatmospheric research vehicle since the full scale vehicle cannot be ground tested through the full range of its operational flight speeds, Mach numbers and altitudes. It is recommended that a substantial effort be conducted as soon as feasible to define the facility needs with a high level of realism.

Military vehicle effectiveness is generally measured by its ability to defeat a projected enemy threat. Commercial vehicle effectiveness is almost always measured by its ability to compete economically with other vehicles that can meet the projected need. Hypersonic air breathing vehicles have the potential to meet both military and commercial requirements; however, it is likely that the military benefits in the form of a high speed reconnaissance, attack or interception aircraft will initially be shown as viable applications. A single or first stage of an advanced Space Transportation System (STS) is also a potential early use of the technology. The hypersonic transport aircraft application must meet more stringent safety and economic (total operations) constraints and is therefore considered a longer term applicaton which will probably depend upon the experience gained from earlier military or STS applications.

The nation's immediate, near and intermediate term need for a space transportation system (STS) should be totally uncoupled from the aerospace plane program. The aerospace plane is projected to be a more efficient STS; however, it must meet and overcome numerous technical challenges before it can be confidently substituted into the lineup. The aerospace plane technology should be pursued as the key to our long term dominance in world aeronautics, and the priority placed on it should be assigned in accordance with this goal.

The goals established by OSTP in March 1985 specified objectives in each of the three flight regimes--subsonic, supersonic and transatmospheric (hypersonic). The NASA support of the transatmospheric regime is clearly reflected in the FY87 program, however, we feel very strongly that the near term goals and specifically those programs associated with increased efficiency for subsonic and supersonic aircraft are inadequate. The technology required to reduce fuel consumption by a factor of two for subsonic aircraft is a realistic near term objective. One important key to accomplishing this would be the demonstration of practical techniques for maintaining laminar flow over the aircraft surface. A flight demonstration of a practical laminar flow design is needed. It is probable that there will be within 10 years an advanced operational transpacific supersonic transport with a range of five to six thousand miles and with ticket cost comparable with subsonic trasports. A reduction from 10 to 3 or 4 hours flight time from the U.S. to the Pacific basin will open an enormous new market that we should not ignore.

The national aeronautical goals cannot be met without a strong and vigorous technology base program. Therefore, we strongly recommend the strengthening of the NASA program in the areas of: (1) verification and correlation of computational aerodynamics codes, (2) engine hot section technology for increasing engine life and reducing maintenance costs, (3) advanced structures and materials (metals and composites) and (4) rotorcraft technologies.

In conclusion, the AIAA strongly supports the national aeronautical goals and the renewed interest in the hypersonic regime as indicated in the NASA FY 87 program. However, we believe the support of the near term subsonic and supersonic technologies is deficient and should be strengthened. We will be happy to answer any of your questions.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESS

ALVIN BLOCK, PRESIDENT, ELECTROCHEMISTRY SEPARATIONS ANALYSIS

Mrs. BOGGS. We will now hear from Alvin Block, Electrochemistry Separations Analysis, ESA.

Very nice to have you with us.

Mr. BLOCK. Madam Chair and Members of the Committee, I am Alvin Block, President of ESA Biomedical Research and Manufacturing Corporation in Bedford, Massachusetts.

As the United States continues its thrust deep into space, manned flights grow longer in duration. Therefore, the long-term physical and mental well-being of the astronauts is critical.

Effects such as motion sickness, anxiety and depression associated with weightlessness and isolation are among the problems to be dealt with.

Scientists say that there is a link between these disorders and the neurotransmitters that define the chemical makeup of the brain. These chemicals are the brain's switchboard and transmit messages critical to control of the body and report on its state of health.

As the body starts to malfunction, it is reflected in the neurochemical patterns of the brain. In order to detect and to understand these disorders it is necessary to monitor these chemicals to study their patterns, their structure and alignment. Based on a new technology, our company, a pioneer in biomedical research has developed an instrument to do just that.

In 1984, we built an instrument which in effect provides a window to the chemistry of the brain. By measuring and evaluating the behavior of nerve chemicals, we found that it is possible to develop a profile of a disorder and more than that to see how it differs from other disorders.

Of particular interest to this Committee is the work done using ESA equipment by researchers at Ohio's Wright State University School of Medicine, in collaboration with NASA. They were able to distinguish between a neurochemical and biochemical differences of motion sickness susceptible and nonsusceptible animals.

More important, they were able to develop a unique pharmacological remedy. The new drug prevented motion sickness in two sets of trials. This promises a similar solution to human motion sickness.

There is also a future solution to postoperative nausea and nausea resulting from chemotherapy. While the technology must be given far broader exposure, this instrument has so far enabled researchers to identify an abnormality in the neurotransmitters of Alzheimer's patients, detect the possible manufacture by the body of neurotoxins in Huntington's Disease, discover neurochemical differences among severe forms of pain, and discover ways of measuring patterns of depression and schizophrenia.

These studies are being conducted with key research groups at the Harvard Medical School, Massachusetts General Hospital and others and are now proceeding at an increasingly rapid rate.

If the space program is to proceed and culminate in establishment of space stations, this technology must be available to a wide spectrum of key researchers.

We ask the Committee to insure the budget cuts will not jeopardize this program and its promise of major medical progress.

We wish to thank NASA-Ames for their support.

Mrs. **Boggs**. Thank you, Mr. Block. What an encouraging report.

Mr. **Block**. The technology is very promising. We look forward to being able to announce additional breakthroughs.

Mrs. **Boggs**. Thank you very much. That is very valuable information.

[The statement of Mr. Block follows:]

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TESTIMONY OF

ALVIN BLOCK
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PRESENTED TO

HUD-INDEPENDENT AGENCIES SUBCOMMITTEE
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

CONCERNING

FUNDING FOR NASA
FISCAL YEAR 1987

MAY 6, 1985

Mr. Chairman and Members of the Committee:

As the United States continues its thrust deep into space, manned flights grow longer in duration. So, the long-term physical and mental well-being of the astronauts is critical. Effects such as motion sickness, anxiety due to isolation, and depression, the so-called sopite syndrome, are among the problems to be dealt with.

Early indicators for these problems must be understood and tested with complex and sophisticated measuring systems. ESA has such equipment, already at work in the study of motion sickness.

Now this technology can be used to monitor depression and anxiety, a serious long-term disability that is extremely difficult to predict accurately.

ESA's ability to track the changes in the brain's chemistry developed from its study of degenerative diseases. Investigation of the correlation between brain chemical patterns and the pathology of Alzheimer's, Parkinson's and Huntington's diseases has also provided insights into schizophrenia and severe depression.

Scientists say that there is a link between the chemical makeup of the brain, more specifically in the pattern of its neurotransmitters and these disorders.

These chemicals - the brain's switchboard - transmit messages and report on the state of the body. As the body starts to malfunction, it is reflected in the neurochemical patterns of the brain.

In order to detect and to understand the pathology of such diseases, it is necessary to monitor these chemicals, to study their patterns, structure and alignment.

Our company, ESA, a pioneer in biomedical research, has designed an instrument to do just that. In 1984, we built an instrument which, in effect, provides a window to the chemistry of the brain.

We found that by measuring and evaluating the behavior of neurochemicals, it is possible to develop a profile of a disease and, more than that, to see how it differs from other diseases.

We have, in essence, discovered one way to provide a "blueprint" of a disease. Perhaps given time and further analysis, we will discover distinctions as fine as that of a fingerprint.

We are, however, a long way from that -- or from treatment or prevention of these diseases. Nevertheless, the body of scientific knowledge is greatly enriched and growing daily.

While the technology must be given far broader exposure, this instrument has so far enabled researchers to:

- identify an abnormality in the neurotransmitters of Alzheimer's patients;
- detect the possible manufacture, by the body, of neurotoxins in Huntington's disease;
- discover neurochemical differences among several forms of severe pain;
- develop ways of measuring neurochemical patterns in depression and schizophrenia.

These studies are being conducted with a number of key medical research groups at Harvard Medical School, Massachusetts General Hospital, Boston University Medical Center, Bedford and Brockton Veteran's Hospitals, and McLean Hospital, Belmont, Massachusetts and are now proceeding at an increasingly rapid rate.

Of particular interest to this committee is the work done using ESA equipment by researchers at Ohio's Wright State University School of Medicine, in collaboration with NASA. They were able to distinguish between the neurochemical and biochemical differences of motion susceptible and non-susceptible animals and to develop a pharmacological remedy. The remedy prevented motion sickness in two sets of studies. This promises a similar solution to human motion sickness, post-operative nausea, and nausea resulting from chemotherapy.

If the space program is to proceed and to culminate in the establishment of space stations, this technology must be available to key researchers. We ask the committee to ensure that budget cuts will in no way jeopardize this program and its promise of major medical progress.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

WITNESS

CHARLES A. WALKER, PH.D., DEAN, FLORIDA A&M UNIVERSITY, COLLEGE OF PHARMACY

Mrs. Boggs. Dr. Charles Walker from Florida A&M University will testify on NASA as well.

Welcome, Dr. Walker. Very nice to have you with us. We will put your entire testimony in the record. You may proceed as you wish.

Mr. Walker. Thank you.

Madam Chairman and Members of the Subcommittee, I am Charles A. Walker, Dean of the College of Pharmacy and Pharmaceutical Sciences at the Florida Agricultural and Mechnical University in Tallahassee, Florida.

We presented testimony along this same line of interest last year. I believe, Mrs. Boggs, I know you were present, I think you were chairing the session.

During that testimony, we have had recent developments over the past year and I appreciate the opportunity to again represent the colleagues of my university and share with you and the Committee some of our unique programmatic, research and professional activities in the college and university, many of which are of national significance.

I would like to share further concerns that threaten to curtail this activity, if a proper support base is not realized in the near future.

First, allow me to provide some very brief background information relative to our health professional school and its importance nationally in terms of supplying health manpower personnel who are experts relative to medication and drug-related problems and diseases.

The pharmacy program at Florida A&M University is one of four such programs at historically black colleges and universities. There is one at Louisiana State, too.

Mrs. Boggs. Yes.

Mr. Walker. For the past ten years, Florida A&M University has been the leading producer of black minority B.S. pharmacy practitioners. We have produced some 16 percent of the total out of some 72 schools and colleges in the nation. Our college has produced some 60 percent of all post-baccalaureate doctor of pharmacy black minority graduates.

Most recently, we became the only College of Pharmacy at the HBCU's to initiate the Ph.D. degree in the pharmaceutical sciences.

Mrs. Boggs. Congratulations.

Mr. Walker. Since 1975, less than 15 black males and no black females have earned the Ph.D. in this very important basic science, while better than 2,000 have been awarded to majority and other minority candidates. Because of commitment, tradition and concern, the College of Pharmacy at FAMU will positively impact this situation in the near future.

In addition to the structured programmatic contributions, our college has emphasized—for the past ten years—strong research and professional activity of national and international significance.

We have made new and important discoveries in health care that have led to the patenting of new drugs and the development of new techniques for the better treatment of patients.

Most recently, through our South Florida affiliation, the clinical aspect of our program is serving as a national model for advising the elderly, especially the minority elderly and other medically underserved and noncompliance patients, about their prescription drugs. This is a national health crisis and our college, due to its strong clinical component, is making a significant impact on the problem.

For the past five years, the research program has involved more than 10 percent of our 300 undergraduate students and all of our faculty and post-baccalaureate students. The strong research activity has resulted in our college being designated a "Center of Excellence" by the Board of Regents of the State University system in Florida.

Our college is specifically noted for its accomplishments in the area of chronophysiology and chronopharmacology.

Last year, NIH provided special support to develop this area of our research. We are also supported by the National Institutes of Health; its significance is extremely important in terms of space travel, space labs, and even transmeridian air flights while on earth.

The possibility of developing chronobiotics and compounds that can synchronize and desynchronize human subjects is being studied and advanced in our laboratories.

The importance of this research ranges from an extreme interest by our national defense to similar concerns relative to athletic performance when people travel across new time zones.

Of course, at the 1983 National Sports Medicine Meetings in Toronto, the Chronicle of Higher Education covered some of our work on the importance of Olympic athletes traveling across time zones and what effect this may have in terms of their being able to perform.

The research has tremendous importance in medicine, especially in terms of the proper treating of patients with drugs for illnesses with minimal toxic side effects. The May 27, 1978, *British Medical Journal,* in an editorial relative to a recent international symposium hosted by the FAMU College of Pharmacy wrote, "The Florida A&M conference covered many topics from endocrinology and parasitology to neuropharmacology. Chronobiology is a new science and chronotherapeutics may well be a new skill for clinicians to learn as the evidence accumulates of the importance of the timing of treatment for either the day or the hour."

We have faculty presently working on a unique project which involves the microbial degradation of the fuel hydrazine. We have a group of faculty deeply involved in motion sickness research. We are presently the only academic unit, to our knowledge, proposing to synthesize and test new drugs for motion sickness.

We have chemists trying to combine some of the compounds used to treat the motion sickness to come up with a more effective and less toxic remedy.

The college has established excellent research support from such agencies as NIH, NASA, ONR, AID and DOE. Total committed research dollars generated by faculty is at an all-time high of $11.8 million through the year 1991. The college is also involved in some special training programs which I am very excited about. It is the only such program of its kind in this country. It is a program between the College of Pharmacy at FAMU and the J.F. Kennedy Space Center.

Each summer, from 1985 through 1992, FAMU will contract 30 college students nationwide to conduct research in the life sciences at NASA. This is a hands-on, six-weeks program designed to increase the pool of future aerospace scientists. This is not a minority program. It is a majority program, but very sensitive to minorities and women.

Last year we had 26 students in the program and this year we have already selected 32 students for the program. We think it is very exciting.

Our college is one of the leading research institutions, but the quality and quantity of research and research training is seriously threatened due to the lack of adequate facilities. In its urban development, the City of Miami has donated to the university for the College of Pharmacy real estate totaling approximately $4 million for the purpose of constructing a research facility. As a part of their redevelopment program in Miami, funds are needed to construct, staff and equip this laboratory. The facility will be to develop and house the programs that I have described which we think are of tremendous national and international significance.

Thank you. I will be happy for any questions you might have.

[The statement of Mr. Walker follows:]

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COLLEGE OF ARTS AND SCIENCES
DIVISION OF NATURAL SCIENCES AND MATHEMATICS

TESTIMONY OF

CHARLES A. WALKER, PH.D.
DEAN
FLORIDA A&M UNIVERSITY
COLLEGE OF PHARMACY
TALLAHASSEE, FLORIDA

PRESENTED TO THE

HUD-INDEPENDENT AGENCIES SUBCOMMITTEE
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

CONCERNING

FUNDING FOR SCIENTIFIC RESEARCH PROGRAMS
FISCAL YEAR 1987

MAY 6, 1986

TO CHAIRMAN BOLAND AND MEMBERS OF THE SUB-COMMITTEE. I AM CHARLES A. WALKER, DEAN OF THE COLLEGE OF PHARMACY AND PHARMACEUTICAL SCIENCES AT THE FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY IN TALLAHASSEE, FLORIDA. I APPRECIATE THE OPPORTUNITY TO REPRESENT THE COLLEAGUES OF MY UNIVERSITY AND SHARE WITH YOU AND THE COMMITTEE SOME OF OUR UNIQUE PROGRAMMATIC, RESEARCH AND PROFESSIONAL ACTIVITIES IN THE COLLEGE AND UNIVERSITY, MANY OF WHICH ARE OF NATIONAL SIGNIFICANCE. I WOULD LIKE TO SHARE FURTHER CONCERNS THAT THREATEN TO CURTAIL THIS ACTIVITY, IF A PROPER SUPPORT BASE IS NOT REALIZED IN THE NEAR FUTURE.

FIRST, ALLOW ME TO PROVIDE SOME BACKGROUND INFORMATION RELATIVE TO OUR HEALTH PROFESSIONS SCHOOL AND ITS IMPORTANCE NATIONALLY IN TERMS OF SUPPLYING HEALTH MANPOWER PERSONNEL WHO ARE EXPERTS RELATIVE TO MEDICATION AND DRUG RELATED PROBLEMS AND DISEASES. THE PHARMACY PROGRAM AT FLORIDA A&M UNIVERSITY IS ONE OF FOUR (4) SUCH PROGRAMS AT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU's). FOR THE PAST TEN YEARS, FLORIDA A&M UNIVERSITY (FAMU) HAS BEEN THE LEADING PRODUCER OF BLACK MINORITY B.S. PHARMACY PRACTITIONERS. WE HAVE PRODUCED SOME 16% OF THE TOTAL OUT OF SOME 72 SCHOOLS AND COLLEGES IN THE NATION. OUR COLLEGE HAS PRODUCED SOME 60% OF ALL POST-BACCALAUREATE DOCTOR OF PHARMACY BLACK MINORITY GRADUATES. MOST RECENTLY, WE BECAME THE ONLY COLLEGE OF PHARMACY AT THE HBCU's TO INITIATE THE PH.D. DEGREE IN THE PHARMACEUTICAL SCIENCES. SINCE 1975 LESS THAN 15 BLACK MALES AND NO BLACK FEMALES HAVE EARNED THE PH.D. IN THIS VERY IMPORTANT BASIC SCIENCE, WHILE BETTER THAN TWO THOUSAND HAVE BEEN AWARDED TO MAJORITY AND OTHER MINORITY CANDIDATES. BECAUSE OF COMMITMENT, TRADITION AND CONCERN, THE COLLEGE OF PHARMACY AT FAMU WILL POSITIVELY IMPACT THIS SITUATION IN THE NEAR FUTURE. IN ADDITION TO THE STRUCTURED PROGRAMMATIC CONTRIBUTIONS, OUR COLLEGE HAS EMPHASIZED – FOR THE PAST TEN YEARS – STRONG RESEARCH AND PROFESSIONAL ACTIVITY OF NATIONAL AND INTERNATIONAL SIGNIFICANCE. WE HAVE MADE NEW AND IMPORTANT DISCOVERIES IN HEALTH CARE THAT HAVE LED TO THE PATENTING OF NEW DRUGS AND THE DEVELOPMENT OF NEW TECHNIQUES FOR THE BETTER TREATMENT OF PATIENTS. MOST RECENTLY, THROUGH OUR SOUTH FLORIDA AFFILIATION, THE CLINICAL ASPECT OF OUR PROGRAM IS SERVING AS A NATIONAL MODEL FOR ADVISING THE ELDERLY, ESPECIALLY THE MINORITY ELDERLY AND OTHER MEDICALLY UNDER SERVED AND NON-COMPLIANCE PATIENTS, ABOUT THEIR PRESCRIPTION DRUGS. THIS IS A NATIONAL HEALTH CRISIS AND OUR COLLEGE, DUE TO ITS STRONG CLINICAL COMPONENT, IS MAKING A SIGNIFICANT IMPACT ON THE PROBLEM.

FOR THE PAST FIVE YEARS, THE RESEARCH PROGRAM HAS INVOLVED MORE THAN 10% OF OUR 300 UNDERGRADUATE STUDENTS AND ALL OF OUR FACULTY AND POST-BACCALAUREATE STUDENTS. THE STRONG RESEARCH ACTIVITY HAS RESULTED IN OUR COLLEGE BEING DESIGNATED A "CENTER OF EXCELLENCE" BY THE BOARD OF REGENTS OF THE STATE UNIVERSITY

SYSTEM. OUR COLLEGE IS SPECIFICALLY NOTED FOR ITS ACCOMPLISHMENTS IN THE AREA OF CHRONOPHYSIOLOGY AND CHRONOPHARMACOLOGY. WHILE THIS WORK IS SUPPORTED BY THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) AND THE NATIONAL INSTITUTES OF HEALTH (NIH), ITS SIGNIFICANCE IS EXTREMELY IMPORTANT IN TERMS OF SPACE TRAVEL, SPACE LABS, AND EVEN TRANSMERIDIAN AIR FLIGHTS WHILE ON EARTH. THE POSSIBILITY OF DEVELOPING CHRONOBIOTICS AND COMPOUNDS THAT CAN SYNCHRONIZE AND DESYNCHRONIZE HUMAN SUBJECTS IS BEING STUDIED AND ADVANCED IN OUR LABORATORIES. THE IMPORTANCE OF THIS RESEARCH RANGES FROM AN EXTREME INTEREST BY OUR NATIONAL DEFENSE TO SIMILAR CONCERNS RELATIVE TO ATHLETIC PERFORMANCE WHEN PEOPLE TRAVEL ACROSS NEW TIME ZONES. THE JUNE 1, 1983 CHRONICLE OF HIGHER EDUCATION WROTE THAT, "ACCORDING TO DR. WALKER AT THE FAMU COLLEGE OF PHARMACY, THEIR RESEARCHERS ARE WORKING TO DEVELOP A NEW DRUG THAT WILL MAKE IT POSSIBLE FOR INDIVIDUALS TO SHIFT THEIR CIRCADIAN CYCLE FROM ONE TIME ZONE TO ANOTHER, WITHOUT HARM."

THIS RESEARCH HAS TREMENDOUS IMPORTANCE IN MEDICINE, ESPECIALLY IN TERMS OF THE PROPER TREATING OF PATIENTS WITH DRUGS FOR ILLNESSES WITH MINIMAL TOXIC SIDE EFFECTS. THE MAY 27, 1978 BRITISH MEDICAL JOURNAL, IN AN EDITORAL RELATIVE TO A RECENT INTERNATIONAL SYMPOSIUM – HOSTED BY THE FAMU COLLEGE OF PHARMACY WROTE, "THE FLORIDA A&M CONFERENCE COVERED MANY TOPICS FROM ENDOCRINOLOGY AND PARASITOLOGY TO NEUROPHARMACOLOGY. CHRONOBIOLOGY IS A NEW SCIENCE AND CHRONOTHERAPEUTICS MAY WELL BE A NEW SKILL FOR CLINICIANS TO LEARN AS THE EVIDENCE ACCUMULATES OF THE IMPORTANCE OF THE TIMING OF

TREATMENT FOR EITHER THE DAY OR THE HOUR."

WE HAVE FACULTY PRESENTLY WORKING ON A UNIQUE PROJECT WHICH INVOLVES THE MICROBIAL DEGRADATION OF THE FUEL HYDRAZINE. WE HAVE A GROUP OF FACULTY DEEPLY INVOLVED IN MOTION SICKNESS RESEARCH. WE ARE PRESENTLY THE ONLY ACADEMIC UNIT, TO OUR KNOWLEDGE, PROPOSING TO SYNTHESIZE AND TEST NEW DRUGS FOR MOTION SICKNESS. SYNDICATED COLUMNIST CARL ROWAN WROTE IN AUGUST OF 1983 THAT: "SCIENTISTS IN FAMU's COLLEGE OF PHARMACY ARE WORKING ON THE PROBLEM OF TRYING TO DEVELOP MEDICINES TO COMBAT SPACE SICKNESS."

THE COLLEGE HAS ESTABLISHED EXCELLENT RESEARCH SUPPORT FROM SUCH AGENCIES AS NIH, NASA, ONR, AID, AND DOE. . TOTAL COMMITTED RESEARCH DOLLARS GENERATED BY FACULTY IS AT AN ALL TIME HIGH OF 11.8 MILLION THROUGH THE YEAR 1991. THE COLLEGE IS ALSO INVOLVED IN SOME SPECIAL TRAINING PROGRAMS. ONE SUCH PROGRAM IS THE SUMMER SPACE LIFE SCIENCES TRAINING PROGRAM, BETWEEN THE COLLEGE OF PHARMACY AT FAMU AND THE J.F. KENNEDY SPACE CENTER. EACH SUMMER, FROM 1985 THROUGH 1992, FAMU WILL CONTRACT 30 COLLEGE STUDENTS NATIONWIDE TO CONDUCT RESEARCH IN THE LIFE SCIENCES AT NASA. THIS IS A HANDS-ON, SIX WEEKS PROGRAM DESIGNED TO INCREASE THE POOL OF FUTURE AEROSPACE SCIENTISTS. THIS IS THE ONLY SUCH PROGRAM IN THE NATION.

OUR COLLEGE IS ONE OF THE LEADING RESEARCH INSTITUTIONS, BUT THE QUALITY AND QUANTITY OF RESEARCH AND RESEARCH TRAINING IS SERIOUSLY THREATENED DUE TO THE LACK OF ADEQUATE FACILITIES. IN ITS URBAN DEVELOPMENT, THE CITY OF MIAMI HAS DONATED TO THE UNIVERSITY FOR THE COLLEGE OF PHARMACY REAL ESTATE TOTALING APPROXIMATELY 4 MILLION DOLLARS FOR THE PURPOSE OF CONSTRUCTING A RESEARCH

FACILITY IN THEIR CITY. FUNDS ARE NOW NEEDED TO CONSTRUCT, STAFF, AND EQUIP THIS LABORATORY.

I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE AND I THANK YOU FOR ALLOWING ME TO EXPLAIN OUR PROGRAMS AND OUR CONCERNS RELATIVE TO THEIR CONTINUED EXISTENCE.

Mrs. **Boggs**. Thank you very much for your testimony.

Out of the 30 students that you have signed up for this summer, how many are minority and how many are women?

Mr. **Walker**. Well, let me go back to last year. Last year we had 26. We had 16 minority and about 6 percent were female. This year we have not quite as many minority, but I think we have an equal number of females and they are from small colleges, from some of the more prestigious institutions. It is an interesting program.

Mrs. **Boggs**. Do you have anybody from Xavier participating?

Mr. **Walker**. Not last year. We had a young lady from Southern. Two were from Jackson, Mississippi.

Mrs. **Boggs**. That is close by.

We are grateful for your testimony, Dr. Walker, and we are also grateful for your programs. It is very helpful to us when you share this kind of report on them with us. Thank you so much.

The Committee will stand adjourned until 10:00 o'clock tomorrow morning.

WEDNESDAY, MAY 7, 1986.

HOUSING AND URBAN DEVELOPMENT

WITNESS

SCOTT SKLAR, SOLAR ENERGY INDUSTRIES ASSOCIATION

Mr. **BOLAND**. The Committee will come to order.

We are delighted to welcome Mr. Scott Sklar of the Solar Energy Industries Association. You appear with reference to an item in the HUD budget.

Mr. **SKLAR**. I would just like my testimony submitted for the record, if possible.

Mr. **BOLAND**. Sure.

Mr. **SKLAR**. I represent the Solar Energy Manufacturers and Component Suppliers for Heat and Electricity. There has been a program in HUD called the Solar Energy and Conservation Bank, for which the Committee recommended $25 million last year in fiscal year 1986; it did not get to conference because they had unspent money.

We face a particular problem and that is because of the expiration of the residential tax credits for solar. Our industry is in deep, deep stress, meaning of the 30,000 people employed in solar, 3,000 are left.

Although in both tax bills at the moment, things look very desperate. This solar bank program was set up to be a market pull for solar energy. Even though oil prices are temporarily down, people are switching their habits to bigger cars and less energy efficient homes.

This program has the potential to help us. What we are asking the Committee, very honestly, is for an appropriation of $10 million, not the $25 million of last year, which is essentially what they had unobligated—monies they should have spent this year and to take that $10 million with their unobligated monies and put it to loan guarantees.

This is allowed in the original authorization. I have enclosed in my testimony, from Steve Neal, a letter to Mr. Boland and to myself, saying the original authorization language allows secondary financing end loan guarantees.

This would truly help our industry.

In the last year-and-a-half we have been able to get our equipment into major retail chains such as Sears and Roebuck's and Woodies and Wanamaker's and Burdine's in Florida. So we are just at the stage of getting to be considered a major retail appliance.

If oil prices stay low, the Congress plays around with tax credits at the end of the year, the solar bank program monies dry up; these are all small businesses. We have only one Fortune 500 company in the solar thermal side.

They are going to go down. They can't afford to wait out for politics. I am just hoping—you have supported this program on both sides. We have appreciated that support and all we do is hope that at least we can have this going for a few more years at graduated down appropriations, and done in such a way to allow this money to be used for loan guarantees.

We have gone to the private banks. They have said the problem with solar loans versus house/home retrofit loans is they are so small. The average price of a solar hot water heater is $4,300.

They said the paper work alone isn't worth all these little loans. I have talked to bank presidents around the country to try to do it.

They said if there was some kind of loan guarantee program, at least for the short term, until we build up the demand, I think then we can be on our own.

So I am looking for some short term assistance, graduated down, and we are sensitive to deficit. We are not trying to be greedy, but we do think we can use your help at this time, particularly with this particular problem we are facing. That really is it.

Mr. **Boland**. This is, Scott, as you know, a program this Committee has supported over the years.

Mr. **Sklar**. I am very aware of that. We are very appreciative.

Mr. **Boland**. We did, as you have indicated, have $25 million in the 1986 budget but had to give in when we got to the Senate side because we had to reduce our outlays by almost $200 million in order to get some indication from the Administration that the bill would be signed.

Mr. **Sklar**. We understand that.

Mr. **Boland**. It is one area that certainly enjoys the support of all the Members of this Committee.

We will make an effort to help in this area.

Bill?

Mr. **Green**. Could you spell out a little more how you would see the mechanism working for the loan guarantees? Obviously, I was on the authorizing committee at the time. We did anticipate there would be a GNMA kind of program.

Mr. **Sklar**. That is what we were hoping for. In fact, we have gone both to GNMA and Fannie Mae to see if they could direct the bank to do that, and they felt they needed some prodding by this Committee. They do now go through state programs.

Frankly, all I think we need them to do is once they get some language, some direction from this Committee, they would advise the states.

The states we talked to, at least the ones that have been promoting the program, New York, Massachusetts, Michigan, those states particularly have already opened talks with bankers. I think basically the bankers would still approve the loans and just set up, send a form to the state office and the state office would process them.

Mr. **Green**. You see that running through the state?

Mr. **Sklar**. We prefer it went the way through the states. The real problem with this program is the bank staff had not supported the program, as you know, as Administration policy. They try to run it to the states and let the states melt it in with other funds.

They set up language which barred used of active solar systems which was one of the original reasons to put the program through. We fought. We worked with other organizations to go to Federal court on this issue.

What is interesting is finally after all these years of fighting there have been some systems out there in the states that have wanted to promote it and the bank staff frankly is beginning to like solar energy.

I think they will be cooperative if they get the Congressional direction.

Mr. GREEN. Thank you.

Mr. BOLAND. Thank you very much.

[The statement of Mr. Sklar follows:]

SOLAR ENERGY INDUSTRIES ASSOCIATION Suite 503 1717 Massachusetts Avenue N.W. Washington D.C. 20036 (202) 483-5225

TESTIMONY

by

SCOTT SKLAR
DIRECTOR OF GOVERNMENT RELATIONS
SOLAR ENERGY INDUSTRIES ASSOCIATION (SEIA)

before

HOUSE APPROPRIATIONS HUD-INDEPENDENT
AGENCIES SUBCOMMITTEE

May 7, 1986

Washington, D.C.

INTRODUCTION

The Solar Energy Industries Association (SEIA) is the national trade association for the solar thermal and photovoltaics manufacturers and component suppliers. The Association appreciates the opportunity to testify before this appropriations subcommittee concerning the future funding and direction of the Solar Energy and Energy Conservation Bank administered under the Department of Housing and Urban Development.

STATE OF THE U.S. SOLAR INDUSTRY

The U.S. solar energy industry is in a deep crises due to the unexpected expiration of the residential and commercial solar energy tax credits, the decrease of world oil prices, and the public perception that the energy crises is now over. Of the 30,000 people that were directly employed by the U.S. solar industry in 1985, less than 3,000 individuals are currently employed in the manufacturing, sales, and installation of solar energy systems. The sector of the solar industry hardest hit by the expiration of the solar energy tax credits is the residential solar thermal industry where over 90% of solar systems sold were used to heat water. Because the solar residential and business credits were extended for three years in the House Comprehensive Tax Reform package and for ten years in the Senate Finance Committee, many consumers will not purchase solar systems until the credits are supposedly reinstated. Lower oil prices are changing consumer attitudes to abandon energy conservation purchases regarding their homes and automobiles. Since the overwhelming majority of solar thermal companies are small businesses, they do not have the resources to maintain their operations until the tax bill winds its way through the Congress towards the end of 1986. Some companies have thus focused on niche solar markets in 1986 such as pool heating or the new construction market but these markets are orders of magnitude smaller than the 1985 residential solar retrofit market. Some other companies diversified into other products --

some in energy, some not related -- but a greater number of companies have laid off most of their employees while frantically trying to sell and service their equipment. The Solar Bank can effectively aide the U.S. solar energy industry at this time of crises and I hope this subcommittee will support our industry in this regard. How sad it would be to allow the U.S. solar industry to atrophy at a time when the industry has surmounted the technological hurdles, has received market acceptance as evidenced by our sales in retail chains such as Sears and Roebuck, Burdines, Wannamakers, and Woodward & Lothrup, and has received consumer acceptance with over $700 million in residential solar sales in 1985.

HISTORY OF THE SOLAR BANK

As the subcommittee members know, the Solar Energy and Energy Conservation Bank was conceived by Representative Stephen Neal who introduced the original legislation which received bipartisan and geographically diverse support in the Congress. A president of the Solar Bank was not appointed till 1980, and the Bank adopted an approach that detrimentally effected the Bank's usefulness in promoting solar applications. In addition to dispersing monies through the states, allowing extreme variations in state programs and combining Bank funds with existing programs, and proposing regulations prohibiting the funding of active solar applications, the Bank had not effectively promoted their program and use of Bank monies has been low as a result.

The Solar Energy and Energy Conservation Bank was an important part of a three prong approach towards the development of solar energy. The first prong was the Department of Energy R&D program to perfect the solar technology in order to make it as efficient and cost effective as possible. The second prong were tax credits to prime the "upper income" market that utilize tax incentives to guide their investments, and the third prong was the creation of the Solar Energy and Energy Conservation Bank to offer low-cost financing for energy conservation and solar applications for the part of the U.S. population that was not eligible for low-income energy conservation programs or could not utilize tax incentives--which is the largest part of the consuming public! Because of poor leadership, regressive regulations, and poor promotion that prompted numerous law suits and Congressional battles, the Solar Energy and Energy Conservation Bank has not met its potential and has been rather insignificant in its assistance to the solar industry.

THE INDUSTRY PROPOSAL

The Solar Energy Industries Association on behalf of the U.S. solar industry requests that the Solar Energy and Energy Conservation Bank receive a $10 million FY'87 appropriation, and that this appropriation along with unobligated FY'86 monies be used for loan guarantees for energy conservation and solar energy applications. Our proposal is entirely permissable under the authorizing legislation of the Solar Bank and I have enclosed two letters from Rep. Stephen Neal in this regard.

At this critical time for the solar industry, such loan guarantees would spur solar sales, maintain solar's inroads in the major retail chains, and sustain the U.S. solar industry. Since these monies would be for loan guarantees, SEIA believes this money reserve could be maintained without increasing appropriations for the Solar Bank year after year. SEIA has been advised by major banking representatives that loan guarantees are essential to finance residential solar applications because these loans are much too small to warrant the risk and paperwork.

In addition, the Bank program for the last six years has been only minimally helpful to the solar industry. In states such as Massachussetts and Michigan, the Solar Bank has helped finance a large number of solar systems. But in the other states, the Solar Bank has not had much if any impact at all. This minor impact is due to a lack of support of active solar applications by the Bank staff, prohibitive regulations, and lack of promotion and direction to the states in regard to solar energy. In spite of clear statements by the solar industry to the Bank's staff and advisory boards, the situation has not changed over time. However, if domestic sales of solar energy are not increased at all in the short term, there is a very good chance that the American solar energy industry will atrophy only to be supplanted by other energy sources chiefly from imports. How ironic that solar technology created in America and supported through federal research and development programs to firmly establish solar in the American marketplace to displace oil imports would now be allowed to whither to only a fraction of its size allowing oil imports to increase again.

CONCLUSION

The U.S. solar industry needs support to maintain the production of residential solar equipment. The solar tax credits have expired on December 31, 1985 which have cut sales by over 80%. The Solar Energy and Energy Conservation Bank program has not been useful in helping sales of solar equipment even though it was created, in part, for this purpose. The original authorizing language for the Solar Bank allows the Bank to offer secondary financing and guaranteed loans. If $10 million were appropriated along with unobligated monies for solar energy and energy conservation applications in FY'87, the Solar Bank would be more effectively assisting our industries in the marketpalce.

If the Solar Energy and Energy Conservation Bank does not become market oriented, the solar industry questions the need for the program as it now stands.

Congress of the United States
House of Representatives

STEVE NEAL
5th District, North Carolina

March 12, 1986

Mr. Scott Sklar
Director of Government Relations
SEIA
Sute 503
1717 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Scott:

I want you to know that I agree that a loan guarantee program conforms with the original intent of the Solar Bank concept. In a recent letter to the House Appropriations Subcommittee on HUD -- Independent Agencies, I suggested that the Subcommittee should urge HUD to set up a secondary financing market for Solar Bank loans.

Thank you so much for all your help.

Best wishes,

Steve

STEPHEN L. NEAL
U.S. Congressman

Washington Office
2463 Rayburn House Office Building
Washington, DC 20515
Phone: (202) 225-2071

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421 Federal Building
Winston-Salem, NC 27101
Phone: (919) 761-3125

Congress of the United States
House of Representatives

STEVE NEAL
5th District, North Carolina

February 26, 1986

The Honorable Edward P. Boland
Chairman
Subcommittee on HUD -- Independent Agencies
H143 Capitol
Washington, D.C. 20515
Dear Mr. Chairman:

Dear Mr. Chairman:

This is to request that the Subcommittee consider providing a modest appropriation for the Solar Energy and Energy Conservation Bank.

As you are aware, the Subcommittee recommended funding the Solar Bank at a level of $25 million for fiscal year 1986. You are equally aware that the funding level was reduced to zero in the Conference. Funds remained available to the Bank through the current fiscal year, however, primarily because HUD's attempt to redirect Solar Bank funding to other programs failed. HUD was forced by the courts to apply uncommitted Solar Bank funds to the Solar Bank program.

Mr. Chairman, we worked hard to develop the Solar Bank concept and it was a difficult but significant struggle to preserve the Bank from a hostile administration. The states and terroritorial entities of the United States that have Solar Bank programs have made good use of these limited funds. The Solar Bank is important to the economic future of our country, both in promoting the development of new energy industries and in changing attitudes in the construction and finance industries. It is foolhardy to consider permanent the current glut in oil supplies and the concomitant decline in oil prices. We would be derelict if we did not try to help prepare our nation for the inevitable decline in the supply of oil, which is central to our national security.

The many supporters of the Solar Bank recognize the essential role you have played in defending the program in the face of opposition by HUD and your Subcommittee's Senate counterpart. I urge you to continue that battle.

One final note: in order to stretch the value of future Solar Bank funding, the Subcommittee might consider urging HUD to apply at least part of the funds to the secondary finance market, as was provided in the original authorization.

Thank you for your consideration and assistance.

Best Wishes,

Steve Neal

STEPHEN L. NEAL
U.S. Congressman

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HOUSING AND URBAN DEVELOPMENT

WITNESS

WILLIAM P. HARRIS, AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Mr. **Boland**. We will turn to the American Association of Homes for the Aging, and we are delighted to have Steven Hornburg, who is with the American Association of Homes for the Aging.

Mr. **Harris**. It is actually Mr. William Harris.

Thank you, Mr. Chairman. I have an oral statement I would like to read but I would like to submit an additional statement.

Mr. **Boland**. You may.

Mr. **Harris**. Mr. Chairman, members of the Subcommittee, I am William P. Harris, Administrator of Arlington Retirement Housing Corporation, an organization actively involved in the development and operation of retirement housing in Northern Virginia.

I also currently manage Culpepper Garden, a 210-unit Section 236 congregate elderly housing facility in Arlington, Virginia. I have been extensively involved in development, management, and operation of elderly housing facilities under both the old and new Section 202 as well as 236 programs, for over 20 years in the metropolitan area.

I am testifying on behalf of the American Association of Homes for the Aging or AAHA, in which Culpepper Garden is active. AAHA is the national representative for non-profit facilities providing housing, health care and other supportive services for older Americans.

Mr. Chairman, I believe current demographic projections provide striking evidence of the pressing need for housing designed to meet the needs of older people. In the past three decades, the number of Americans over 65 has doubled. It will double again by the year 2030. At that time one out of every five Americans will be over 65. Individuals 85 and older, a group requiring high levels of support, would increase six-fold by 2030.

To keep pace with this demand, the University of Michigan has estimated 275,000 new units need to be constructed each year through all sources to the end of the century. My experience in metropolitan Washington indicates an immediate need in the Northern Virginia area for over 1,900 units of elderly housing in the next four years, similar to what Culpepper Garden currently provides.

Finding affordable housing is extremely difficult for numerous older Americans whose incomes fall near or below poverty guidelines. Three-and-a-half million elderly households have incomes of less than $5,000 annually, however, only one out of seven receive some form of governmental housing assistance. HUD itself has determined nearly one in five elderly households live in inadequate housing due either to substandard conditions or rent payments which exceed 50 percent of the income.

The private housing market has not kept pace with this demand, particularly housing designed for the physically impaired and low income elderly. Federal programs have been the major vehicle for meeting these specialized housing needs of older Americans.

The Section 202 housing for the elderly and handicapped, in particular, has been extremely successful. Nationally, the program has experienced only one default in over 2,000 projects. In metropolitan Washington, I have worked extensively for non-profit organizations which have enjoyed long and productive partnerships with the Federal Government in serving the housing needs of the elderly residents of this area through 202 and HUD programs.

We still see a pressing need for the type of housing offered by the 202 program. Culpepper Garden itself has a waiting list for one bedroom units of over three years. The Senate Select Committee on Aging in a 1983 survey of Section 202 projects, estimated over a quarter of a million elderly are on existing waiting lists.

Despite the success of 202 and other HUD programs in providing decent and affordable housing for elderly residents, and in contrast to the projected rising need for the future, housing assistance for low-income elderly has been drastically cut in recent years. AAHA urges the following actions be taken with regard to fiscal year 1987 assisted housing funding.

Generally, Congress should provide level funding for fiscal year 1987 HUD assisted housing programs with an adjustment for inflation. Specifically, AAHA recommends this Subcommittee should continue to provide full funding for Section 202 Housing for the Elderly and Handicapped. Congress should fund the Congregate Housing Services program at a level of $10 million.

The Subcommittee should restrict the housing voucher program to its current level of 36,000 units and resist any attempts by HUD to increase voucher funding at the expense of other housing assistance programs which more appropriately serve the needs of the low income elderly.

And, the Subcommittee should provide modernization funding equal to $1.5 billion in budget authority to provide critically needed repairs and improvements essential to the preservation and continued improvement of the Nation's stock of public housing.

In several other areas of concern to the Association, we urge that Congress should also take swift action to overturn the Administration's deferral proposals for 1986 HUD assisted housing programs, so that such programs as 202 may proceed as Congress intended.

AAHA appreciates the leadership the Chairman and the Subcommittee have given in rejecting the Administration's proposed deferrals. The end of the fiscal year, however, presents potentially significant problems for some programs such as 202 which may have lapsing authorization.

There is a late-breaking matter I want to call your attention to we didn't have time to get into the testimony and that is that GAO is looking at reclassifying Section 202 Treasury borrowing authority deferral into a recession.

If you want further information on that, AAHA staff here could provide that. In legislation, Congress should specify that the interest rate for Section 202 be set at 9.25 percent, as has been done for the past several years, so continued participation by non-profit sponsors remains financially feasible.

In conclusion, I thank you on behalf of AAHA, the 219 residents of Culpepper Garden and the Arlington Retirement Housing Corporation, for the opportunity to present our views for fiscal year 1987 for the housing programs.

[The statement of Mr. Harris follows:]

AAHA Policy Paper

Government Affairs

Written Statement of
William P. Harris
on behalf of
THE AMERICAN ASSOCIATION OF HOMES FOR THE AGING
ON FISCAL YEAR 1987 APPROPRIATIONS
For
THE DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
Before the
SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
May 7, 1986

AMERICAN ASSOCIATION OF HOMES FOR THE AGING
1129 20th Street, NW, Suite 400, Washington, DC 20036   202 · 296 · 5960

Mr. Chairman and members of the Subcommittee, I am William P. Harris, Administrator of the Arlington Retirement Housing Corporation and Manager of Culpepper Garden, a 210-unit congreate elderly housing facility located in Arlington, Virginia, which is funded under the HUD Section 236 program. I am testifying on behalf of the American Association of Homes for the Aging (AAHA), an association in which Culpepper Garden is a member.

On behalf of the Association, I wish to thank the Subcommittee for the opportunity to testify regarding appropriations for the Department of Housing and Urban Development (HUD) for the fiscal year 1987 budget. The Subcommittee on HUD-Independent Agencies plays a key role in keeping the issue of housing needs of older Americans before the Congress and has advocated providing adequate funding to ensure older Americans the availability of decent, affordable housing.

Housing is an issue of critical importance to AAHA's membership. AAHA represents over 2,800 nonprofit organizations providing housing and health-related services for approximately a half million elderly individuals throughout the United States. Over 75 percent of AAHA member homes are affiliated with religious organizations, while the remaining are sponsored by private foundations, government agencies, unions, fraternal organizations and community groups. More than half of AAHA's members operate some form of residential facility for the elderly; many receive assistance from HUD under various housing programs, including Section 202, Section 8, Section 236, Section 231, and Section 221(d)(3).

THE NEED FOR ELDERLY HOUSING

AAHA urges Congress to continue its recognition of the tremendous need for housing assistance by our nation's rapidly growing elderly population. The number of older Americans has doubled in the past three decades, reaching a current level of 26 million people. This explosive growth is expected to continue well into the next century, with one out of every five Americans being over age 65 by the year 2030. These national figures mask the true extent of need for elderly housing programs. The very old (those 85 years and older), a group with special needs who require high levels of support, will increase threefold by the end of this century. Driven by the aging of the "baby boom" generation, this very old population will triple by 2030, with the result that five percent of the American population--16 million people--will be 85 years or older.

Older Americans have been overrepresented in the lower range of national distribution of income. Although recent Administration reports have portrayed the elderly as achieving income parity with the general population, aggregate national figures again understate the extent of poverty and need. Three-and- a-half-million elderly households have annual incomes of less than $5,000; but only one out of seven receives some form of governmental housing assistance. The fastest growing subgroups of elderly persons are women, the very old, and persons living alone; groups which, coincidentally, are among those with the highest poverty rates. For example, elderly black women living alone are more than four times as likely as the overall elderly population to fall below federal poverty guidelines.

While over 14 percent of all elderly persons live on incomes below the poverty level, an equally large percentage hover just above this standard. These "near poor" older Americans also experience difficulty in obtaining decent and affordable housing. HUD itself has determined that nearly one in five elderly households live in inadequate housing due either to substandard conditions or rent payments in excess of 50 percent of income.

Elderly housing assistance has figured prominently in the federal government's 50-year commitment to assure decent and affordable housing for disadvantaged Americans. Our nation's private housing market has not kept pace with the demand for lower-cost housing, particularly housing with special design features to serve the physically impaired or elderly. Federal programs have been the major vehicle for meeting the specialized housing needs of older Americans. This need was estimated in a recent University of Michigan study at an additional 275,000 new units per year through the end of this century.

While many elderly poor are already assisted by federal housing programs, unfortunately the limited scale of programs such as Section 202 housing for the elderly and handicapped has meant only a small segment of this population has been served. Only a half million elderly households receive housing assistance under federal programs. Typical waiting lists for assisted housing run three to five years. In New York City alone, there are 20,000 elderly persons on public housing waiting lists.

FISCAL YEAR 1987 HUD FUNDING

Massive cutbacks in housing assistance over the past few years have seriously eroded the ability of federal housing programs to serve the elderly poor. The current pressure to meet Gramm-Rudman-Hollings deficit targets exacerbates this trend. Major HUD programs that have provided new housing units for lower income elderly--public housing, Section 8 and Section 202--have reduced production to a negligible level: down from an average of 84,000 units per year between 1980-82 to roughly 11,500 units (after the March 1 Gramm-Rudman-Hollings sequestration) in 1986.

The Administration's fiscal year 1987 budget proposes to end all new housing assistance under HUD programs, in both fiscal years 1986, and 1987 and to substitute an unproven and inappropriate form of assistance--housing vouchers--for all programs providing assistance for new housing construction, housing rehabilitation and other housing assistance programs.

Given the clearly established need for these programs and the expected growth in the elderly population, AAHA opposes any attempt to eliminate funding for new assisted housing units. The demand for low-income elderly housing remains and will not simply disappear by terminating programs and replacing them with inadequate substitutes. Federal housing efforts should be continued and expanded.

Therefore, AAHA recommends that Congress freeze the overall number of new assisted housing units in fiscal year 1987 at the fiscal year 1986 level, and preserve the same unit mix as provided in the fiscal year 1986 appropriations. This action would preserve such critically needed programs as Section 8 existing and moderate rehabilitation, public housing operating subsidies, Indian housing, and Section 202 preconstruction and existing amendment funds.

Specifically, AAHA recommends the following:

- The Subcommittee should provide full funding for Section 202 housing for the elderly and handicapped. AAHA recommends that 12,000 units be authorized for fiscal year 1987. This level still falls short of the 1981 White House Conference on Aging's recommendation of 20,000 new units of Section 202 housing per year, but reflects an understanding of current budgetary constraints.

- The Subcommittee should fund the Congregate Housing Services Program at a level of $10 million to continue and expand the program so that nonprofit sponsors may continue to provide those additional services, such as meals, housekeeping and transportation, necessary to enable the frail elderly to avoid premature institutionalization. The program is designed to encourage handicapped elderly, non-elderly handicapped, and temporarily disabled individuals to remain in a home environment, thus avoiding the more costly alternative of institutionalization, often delivered and paid for by other federal programs such as Medicare or Medicaid.

- The Subcommittee should restrict the housing voucher program to its current level of 36,000 units and resist any attempts by HUD to increase voucher funding at the expense of other housing assistance programs which more appropriately serve the needs of the low-income and elderly. The Administration seeks to further shift federal housing efforts to an exclusive reliance on housing vouchers for the delivery of housing assistance, proposing that vouchers represent 100 percent of all assisted housing units in fiscal year 1987. Because vouchers are a commitment of assistance of only five years, they do not promote needed rehabilitation and construction of housing units--activities critical in providing units designed for the safety and well-being of the elderly. Furthermore, vouchers are especially inappropriate for older Americans as they place the frail elderly in competition with younger, more mobile families. Further and more comprehensive evaluation of vouchers should be required before substantial resources are committed to this approach.

- The Subcommittee should, as has been done in recent years, specify in legislation that the interest rate for Section 202 be set at 9.25 percent so that continued participation by nonprofit sponsors remains financially feasible.

- The Subcommittee should provide modernization funding equal to $1.5 billion in budget authority (equivalent to $750 million in loan authority). The nation's public housing stock is a valuable investment in which close to half of the residents are elderly. Modernization funds provide critically needed repairs and improvements essential to the preservation and continued use of this resource.

FISCAL YEAR 1986 RESCISSIONS AND DEFERRALS

Congress last year soundly rejected the Administration's proposal to terminate virtually all housing assistance by freezing the overall number of new incremental housing units in the fiscal year 1986 appropriations for HUD. Rejection of this plan gave clear expression of support and recognition of a continued federal commitment to housing programs serving the nation's low-income population.

The President now seeks to take back funds already approved for assisted housing programs in this fiscal year. Specifically, the Administration has proposed a $4.4 billion rescission in the assisted housing account, which provides funding for many rental assistance programs such as Section 8 existing and moderate rehabilitation, public housing operating subsidies, and Section 202/8 rental assistance. Additionally, $2.3 billion in funds from the same account have been proposed for deferral until fiscal year 1987, as has $599 million in Treasury borrowing authority for the Section 202 loan program. The remaining funds for 1986, as well as money deferred until the next fiscal year, are proposed to be reprogrammed for use soley in the housing voucher program. Overall, the President seeks, in an unprecedented use of rescission and deferral power, to slash the number of HUD-assisted housing units by half. More importantly, if Administration proposals were to be adopted, funding for HUD housing, already reduced by two-thirds since 1980, would be further reduced by 70 percent in the current fiscal year.

AAHA applauds and strongly endorses the Chairman's and Subcommittee's strong leadership in rejecting HUD's reprogramming request and the President's deferral requests for housing and community development funds.

While the rescission proposal has expired and no reprogramming of housing funds has yet been approved, the deferrals proposed by the President have not been formally rejected by Congress. Until this occurs, the Administration refuses to release most 1986 housing funds. AAHA is gravely concerned that, without timely action to overturn those deferral requests, the Administration's goal of terminating all HUD-assisted housing programs except vouchers will be achieved de facto—completely undermining Congressional prerogatives and priorities clearly established in fiscal year 1986 appropriations. Further delay in releasing housing funds may effectively preclude obligation by the end of the fiscal year, at which time those funds may lapse. The outlook for carrying forward any program funding which lapses is, at best, bleak considering the need for deficit reduction likely. Therefore, AAHA urges swift action to overturn the Administration's deferral proposals for HUD-assisted housing programs to help meet nation's low-income and elderly.

CONCLUSION

AAHA is gravely concerned with the continued erosion of federal housing efforts under this Administration. While we are sensitive to the need to reduce federal budget deficits, AAHA disagrees with the massive change in federal housing policy represented in the Administration's budget. The termination in assistance for new housing construction and renovation, together with complete reliance on housing vouchers, will undermine both public and private efforts to meet the growing housing needs of aging Americans. Moreover, reductions in public housing operating subsidies and modernization funds threaten to destroy public investment in our existing stock of public housing units.

In conclusion, AAHA strongly supports a continued federal commitment to involvement in providing housing for the elderly and urges an expansion of this involvement. Without broader housing choices, the elderly will continue to be forced into inadequate housing or prematurely instutionalized. The federal government must continue to be an active partner with the nonprofit community and the broader private sector in providing affordable housing that is designed and managed with the unique needs of the elderly in mind.

Mr. **Boland**. Thank you.

Mr. **Green**. I think it was about a year ago that the Council of Large Public Housing Authorities met in New York City and asked me to join them. Several of the housing authority directors who were there raised with me a concern that 202 projects were causing unacceptable levels of vacancy in their senior citizen public housing projects.

They were built right near by, and being newer, they were attracting the same tenancy essentially. What can we do to target 202 programs so that it is going into areas of greater need and we are avoiding that kind of situation which obviously does not make a lot of sense?

Mr. **Harris**. It does not. There are needs in our area, for example, in Northern Virginia. I am not sure what happened in New York. I have heard that, too.

Mr. **Green**. I am not saying this happened in projects in New York City Housing Authority, but the Large Public Housing Authority Directors were meeting in New York and I was invited to join them because I come from New York. They did raise this as a concern to me.

I just would welcome your going back to your organization and asking them whether this is a problem and if so, how we ought to try to target the funds so we go to the areas of greatest needs.

Mr. **Harris**. We can try to provide you some help along that line. I don't know that at the moment I have any suggestions to make.

Mr. **Green**. Thank you, Mr. Chairman.

Mr. **Boland**. Thank you very much, Mr. Harris.

HOUSING AND URBAN DEVELOPMENT

WITNESS

RICHARD MAPP, THE NATIONAL CAUCUS AND CENTER ON BLACK AGED, INCORPORATED

Mr. **Boland**. The next witness will be Richard Mapp with the National Caucus and Center on Black Aged, Incorporated. We are delighted to have you, Richard.

Where are you located?

Mr. **Mapp**. We are located here in Washington.

Chairman Boland, Congressman Green, NCBA and the Center on Black Aged appreciates the opportunity to testify at this hearing.

Our testimony will focus primarily on housing and other programs serving older Americans.

NCBA has four key proposals which we urge the Subcommittee to adopt during its consideration of the fiscal year 1987 HUD-Independent Agencies Appropriations Act.

In general, we are recommending a freeze for housing programs for older Americans at the fiscal year 1986 levels approved by the Congress before the 4.3 percent sequestration order became effective under the Gramm-Rudman-Hollings amendment.

First, NCBA supports sufficient lending authority for the Section 202 Direct Loan Program, together with the requisite Section 8 assistance, to finance the construction or substantial rehabilitation of 12,000 units. It is essential that these two programs work in tandem because many aged Blacks and other low-income older Americans need Section 8 assistance to pay the rent for a Section 202 apartment.

At the outset, NCBA urges the Subcommittee to reject the Administration's proposed voucher system to serve as a substitute for traditional housing programs such as Section 202 and public housing. NCBA fears that this approach may simply become a subsidy for inadequate housing without improving the supply of available housing for the elderly poor.

We are deeply concerned that aged Blacks may be the big losers if a voucher system should completely replace future commitments to build traditional federally-financed housing. A voucher system—which funnels money for an already inadequate number of units—will not increase the supply. Instead, it will boost demand and increase rental costs for those least able to bear these increased expenses.

On the other hand, Section 202 housing deserves continuation. It is, in our judgment, the most effective housing program ever developed by the Federal Government. Section 202 has provided quality and affordable housing that is "tailor-made" for older Americans. NCBA believes that the need for Section 202 is clearly much greater than the requested 12,000 units. However, we recommend this reservation level because of the present budget realities facing your Subcommittee.

NCBA also urges report language to encourage HUD to continue its efforts to promote more minority sponsorship of Section 202 projects. Report language has produced positive results in stimulating minority sponsorship of Section 202 housing in the past. We are recommending new report language to assure that these positive developments will not come to an abrupt halt. Minority sponsors perform a unique role under the Section 202 program. They have an historic rapport with the housing needs of older low-income minorities which is based on trustworthy and dependable service.

NCBA also urges the Subcommittee to approve sufficient funding to maintain public housing and Section 8 existing and moderate rehabilitation at the pre-sequestration levels during fiscal year 1986. This translates to 5,000 public housing units, 10,000 Section 8 moderate rehabilitation units, and 32,000 Section 8 existing units.

Housing is the most serious apparent problem facing older low-income Blacks, and all Americans who are poor. Many barely exist in dilapidated housing units located in rural and urban areas. A few brief comparisons will clearly demonstrate the sharp differences that currently exist between older Blacks and older Whites:

Older Blacks are 3.5 times as likely to be without plumbing—8.4 percent versus 2.4 percent.

Aged Black households are four times as likely to live in housing without a complete kitchen—7.3 percent versus 1.7 percent.

Elderly Blacks are more than twice as likely to live in housing without central heating—43.5 percent versus 18.4 percent.

Our national housing response must be flexible and must include a programmatic accounting for the special needs of older Americans. Public housing is especially crucial for older Blacks because they represent a significant percentage of tenants in these projects.

The Low-Rent Public Housing Program is also important because many poor elderly Blacks have no other housing choices.

Third, NCBA supports a $2.67 million funding level for the Congregate Housing Services Program, the same amount as the fiscal year 1986 appropriation before the 4.3 percent sequestration order.

NCBA strongly believes that shelter must be combined with services to enable older persons to live independently instead of in nursing homes. Many older Americans are unnecessarily or prematurely institutionalized at a much higher public and social cost.

Congregate housing services can enable "at-risk" persons to live independently. In our opinion, congregate housing services enhances humanitarian and economic "common sense." They represent the appropriate Federal response to our rapidly increasing number of senior citizens.

Finally, we urge the Subcommittee to include report language to encourage the Environmental Protection Agency to make greater use of Senior Environmental Employment enrollees. The language approved by the Senate HUD-Independent Agencies Appropriations Subcommittee for the fiscal year 1986 funding bill worked satisfactorily and could be used as a model for your fiscal year 1987 appropriations measure.

SEE enrollees have already conclusively demonstrated that they are effective workers in improving our environment. The Gramm-Rudman-Hollings amendment has made it absolutely essential for governmental agencies to operate more economically.

SEE can be an effective tool to enable EPA component units to fulfill their responsibilities in a cost-effective manner. Although much more remains to be done to improve our environment, older Americans are a valuable employment resource with the capacity to assist in this national undertaking.

In conclusion, we wish to thank you again for this opportunity to present our views. Over the years, this Subcommittee has responded to the housing needs of low-income older Americans. We urge your continued perseverance toward affirmative administration of our national housing goals for all older Americans.

Our senior citizens have "paid their dues" for American society in wartime and peace, depression, prosperity. They have made possible all of our professional and social achievements through their personal sacrifices of the last several decades. We have no legal, equitable, or moral right to abandon their housing needs now.

[The statement of Mr. Mapp follows:]

TESTIMONY BY

RICHARD H. MAPP, VICE PRESIDENT
NATIONAL CAUCUS AND CENTER ON BLACK AGED, INC

BEFORE THE

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

FUNDING OF HOUSING PROGRAMS FOR OLDER AMERICANS

MAY 7, 1986

Mr. Chairman and Members of the Subcommittee, the National Caucus and Center on Black Aged (NCBA) appreciates the opportunity to testify at this hearing. Our testimony will focus primarily on housing and other programs serving older Americans.

NCBA has four key proposals which we urge the Subcommittee to adopt during its consideration of the FY 1987 HUD-Independent Agencies Appropriations Act.

Section 202

In general, we are recommending a freeze for housing programs for older Americans at the FY 1986 levels approved by the Congress before the 4.3-percent sequestration order became effective under the Gramm-Rudman-Hollings amendment.

First, NCBA supports sufficient lending authority for the Section 202 Direct Loan Program, together with the requisite Section 8 assistance, to finance the construction or substantial rehabilitation of 12,000 units. It is essential that these two programs work in tandem because many aged Blacks and other low-income older Americans need Section 8 assistance to pay the rent for a Section 202 apartment.

At the outset, NCBA urges the Subcommittee to reject the Administration's proposed voucher system to serve as a substitute for traditional housing programs such as Section 202 and public housing. NCBA fears that this approach may simply become a subsidy for inadequate housing without improving the supply of available housing for the elderly poor. We are deeply concerned that aged Blacks may be the big losers if a voucher system should completely replace future commitments to build traditional Federally-financed housing. A voucher system -- which funnels money for an already inadequate number of units -- will not increase the supply. Instead, it will boost demand and increase rental costs for those least able to bear these increased expenses.

On the other hand, Section 202 housing deserves continuation. It is, in our judgment, the most effective housing program ever developed by the Federal Government. Section 202 has provided quality and affordable housing that is "tailor-made" for older Americans. NCBA believes that the need for Section 202 is clearly much greater than the requested 12,000 units. However, we recommend this reservation level because of the present budget realities facing your Subcommittee.

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Public Housing and Section 8

NCBA urges the Subcommittee to approve sufficient funding to maintain public housing and Section 8 existing and moderate rehabilitation at the pre-sequestration levels during FY 1986. This translates to 5,000 public housing units, 10,000 Section 8 moderate rehabilitation units, and 32,000 Section 8 existing units.

Housing is the most serious apparent problem facing older low-income Blacks. Many barely exist in dilapidated housing units located in rural and urban areas. A few brief comparisons will clearly demonstrate the sharp differences that currently exist between older Blacks and older Whites:

-- Older Blacks are 3 1/2 times as likely to be without plumbing (8.4% vs. 2.4%).

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-- Elderly Blacks are more than twice as likely to live in housing without central heating (43.5% vs. 18.4%).

Our national housing response must be flexible and must include a programmatic accounting for the special needs of older Americans. Public housing is especially crucial for older Blacks because they represent a significant percentage of tenants in these projects. The Low-Rent Public Housing Program is also important because many poor elderly Blacks have no other housing choices.

Congregate Housing Services

Third, NCBA supports a $2.67 million funding level for the Congregate Housing Sevices Program, the same amount as the FY 1986 appropriation before the 4.3 percent sequestration order.

NCBA strongly believes that shelter must be combined with services to enable older persons to continue to live independently instead of in nursing homes. Many older Americans are unnecessarily or prematurely institutionalized at a much higher public and social cost. Congregate housing services can enable "at-risk" persons to live independently. In our opinion, congregate housing services enhances humanitarian and economic "common sense." They represent an appropriate Federal response to our rapidly increasing number of senior citizens.

Senior Environmental Employment Program

Finally, we urge the Subcommittee to include Report language to encourage the Environmental Protection Agency (EPA) to make greater use of Senior Environmental Employment (SEE) enrollees. The language approved by the Senate HUD-Independent Agencies Appropriations Subcommittee for the FY 1986 funding bill worked satisfactorily and could be used as a model for your FY 1987 appropriations measure.

SEE enrollees have already conclusively demonstrated that they are effective workers in improving our environment. The Gramm-Rudman-Hollings amendment has made it absolutely essential for governmental agencies to operate more economically. SEE can be an effective tool to enable EPA component units to fulfill their responsibilities in a cost-effective manner. Although much more remains to be done to improve our environment, older Americans are a valuable employment resource with the capacity to assist in this national undertaking.

Conclusion

In conclusion, we wish to thank you again for this opportunity to present our views. Over the years, this Subcommittee has responded to the housing needs of low-income older Americans. We urge your continued perserverance toward affirmative administration of our national housing goals for all older Americans. Our senior citizens have "paid their dues" for American society in wartime and peace. They have made possible all of our professional and social achievements through their personal sacrifices of the last several decades. We have no legal, equitable, or moral right to abandon their housing needs now.

Mr. Boland. Thank you very much. Your statement is just about in line with what this Committee has done.

As a matter of fact, we think you wrote the Committee reports and also the 1986 bill. Are you related to Alexander Mapp?

Mr. Mapp. Right. He is my uncle. I am.

Mr. Boland. He was a minister up in my city in Springfield and a good one, too, incidentally. As a matter of fact, I think he went to Philadelphia, did he?

Mr. Mapp. No. He has been in Springfield for the past, I guess, 25 years with the Urban League there, and then before that back in the forties in Columbus, Ohio.

Mr. Boland. He was a very distinguished member of the Black community.

Bill?

Mr. Green. I am pleased that your statement indicates that the efforts of this Subcommittee did improve the opportunities for Black sponsorship in the 202 program. That had been a matter of concern. I am glad it is worked out.

On the Congregate housing, that was adopted by the authorizing committee basically as a demonstration program.

Mr. Mapp. Right.

Mr. Green. I think many of us have assumed for the long term point of view the funding would be coming from other programs that exist in the Federal Government, various feeding programs, social programs and the like. What do you see as the continuing role of HUD and HUD funds in the Congregate housing area as opposed to health and human services or other community service block grants?

Mr. Mapp. Congressman Green, I do see a role, but I see the role as being a rather tough one in today's times. When you look back at HUD and its authorization as a cabinet agency back in 1965, you may have considered back at that time HUD would take care of the bricks and mortar as well as the ancillary needs.

HUD has gone through many changes from 1965 until now. So in brief, I see a definite role. I would hate to see some of HUD responsibilities in the social area either be abandoned or be transferred, either legislatively or by way of some other kind of matter to HHS or someplace else, because we have battled against HUD in the past because HUD didn't have the requisite support both financially and also administratively to deal with social services.

So I believe the services are needed. I don't really see how HUD can do it under the present statutory authorities. Besides its demonstrations, I would love to see effort to have a legislative amendment put in there to have the program become a permanent one, but that is my rather long answer to your question.

Mr. Green. Thank you, Mr. Chairman.

Mr. Boland. Thank you very much, Richard.

HOUSING AND URBAN DEVELOPMENT

WITNESSES

JILL GRUVER, CONSORTIUM FOR CITIZENS WITH DEVELOPMENTAL DISABILITIES

JEAN F. McGUIRE, ASSOCIATION FOR RETARDED CITIZENS

Mr. **Boland**. Dr. Gruver, Consortium for Citizens with Developmental Disabilities.

Ms. **Gruver**. I am Jill Gruver, and I am the Executive Director of Arlington Community Residences. It is a private, non-profit organization in Arlington, Virginia, providing community living alternatives for the mentally retarded and the mentally ill.

I am speaking before you today on behalf of the Consortium for Citizens with Development Disabilities which is a coalition of over 50 national organizations representing more than 7.9 million U.S. citizens with severe handicaps. Because of the time constraints today, I won't be reading the full text of our testimony which was submitted earlier this week, but will highlight only those areas of greatest concern to us.

As a director of an organization charged with developing and supporting community residential options for people with disabilities, I have witnessed the tremendous capacity of people with handicaps to grow and develop in community settings with the necessary supports.

But I am also particularly familiar with the struggles they face in attempting to find a place to call home: lengthy waiting lists for agencies like ours; minimal appropriate alternatives in the open real estate market; and very limited public housing options which are frequently inaccessible and which often discriminate against people with disabilities.

As a provider and an advocate I am daily reminded of the many we still have consigned to institutional settings, those sitting at home with parents too elderly to adequately care for them, and the growing numbers of people with handicaps calling the streets their home.

Despite the need for low income and assisted housing, assisted housing under HUD is slated by the Administration for severe cuts in the fiscal year 1987 budget. Moreover, the President has proposed the termination of most of these programs including the Section 8 program, Congregate Housing, and the Section 202 loan program for the elderly and the disabled which is of particular importance to our group.

The only avenue for incremental units would be the inadequate and yet unauthorized voucher program. Finally, the President has even more imminently put people with disabilities at risk by the existing deferral of fiscal year 1986 appropriated funds from assisted housing, including the effective deferral of Section 202 loan authority.

The members of CCDD have two simple messages for this Subcommittee. First, continue to work to overturn the deferral of fiscal year 1986 funds, and second, provide level funding with an increment for inflation for fiscal year 1987 for assisted housing programs, including Section 202, and for the Community Development Block Grant program.

Our testimony which was submitted includes much background information about the specific HUD programs which have been cited and how people with disabilities have accessed these programs. However, it seems imperative to address some of the problems which have created obstacles to handicapped project development under Section 202 program.

The extension of the Section 202 program to projects for the handicapped was an important statement of the Congressional concerns for meeting the housing needs for people with disabilities. But the commitment must further be evidenced by support for badly needed revision in the application of the Section 202 program to the small, specialized projects for people with handicaps.

The handicapped projects continue to be burdened by inappropriate procedures and guidelines developed for the larger congregate facilities for the elderly, by inadequate application of the fair market rent schedules, and by arbitrary, and sometimes obstructive, cost containment guidelines.

We are, therefore, particularly appreciative of the House's current efforts to address these concerns in the authorizing measure which will be going to the floor shortly. Although the purview of this Subcommittee is limited to the appropriations process, it is important that those appropriations be channeled in an efficient and effective manner to assure that Congressional intent in program implementation is upheld.

Housing for people with handicaps has been a stepchild in both the Federal and private housing industry. While we exhort maintenance of important and continued Federal presence in this arena, a need which HUD studies have upheld, we also feel strongly it is time to move aggressively to explore the private development potential for specialized housing.

Within various areas of the country, creative options are being developed to address both financing alternatives and design options. It is time to assess housing strategies and assure that they are as broadly available as possible.

Therefore, CCDD is also proposing a $500,000 set-aside within HUD's Policy Development and Research Funds to be allocated to a non-profit sponsor broadly representative of the disability community for the purposes of evaluating and centralizing information and technical assistance regarding private financing mechanisms for handicapped housing development and state of the art accessible and adaptable design.

I appreciate this opportunity to share with the Subcommittee the pressing housing needs of people with disabilities and our recommendations for the fiscal year 1987 HUD budget.

[The statement of Ms. Gruver follows:]

Consortium for
Citizens with
Developmental
Disabilities

STATEMENT RESPECTFULLY SUBMITTED TO

SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES
OF THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS
ON FY 1987 APPROPRIATIONS

REGARDING

HOUSING FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

PRESENTED BY

Jill Gruver, PhD
Executive Director
Arlington Community Residences Inc.
Arlington, VA.

ON BEHALF OF

Association for Retarded Citizens/U.S.
Center for Law and Social Policy
Epilepsy Foundation of America
International Association of Psychosocial Rehabilitation Services
Mental Health Law Project
National Alliance for the Mentally Ill
National Association of Private Residential Facilities for the Mentally Retarded
National Association of State Retardation Program Directors
National Mental Health Association
National Society for Children and Adults with Autism
The Association for Persons with Severe Handicaps
United Cerebral Palsy Association, Inc.

May 7, 1986

My name is Jill Gruver and I am Executive Director of Arlington Community Residences Inc. located in Arlington, Virginia. I am speaking before you today as a representative of the Housing Task Force of the Consortium of Citizens with Developmental Disabilities and on their behalf. We are very much concerned with maintaining and expanding the housing resources available for people with disabilities and are most appreciative for the opportunity to share those concerns with you.

The Consortium for Citizens with Developmental Disabilities (CCDD) is a working coalition comprised of fifty consumer, provider and professional organizations which advocate on behalf of people who are developmentally disabled. The CCDD has been in existence since 1973, advocating for this population in a variety of areas including the appropriation of sufficient federal funding to assure that our nation's citizens with disabilities can access adequate housing.

Many of the people with disabilities represented by our organizations are poor and are dependent upon federal funding to meet their needs. People with disabilities need the maintenance and continuance of the federal presence that is not being provided by states and localities and the private sector.

Approximately 7.9 million persons in the United States are considered to have severe disabililities. These are people who are unable to conduct some major activity of daily living. Many, if not most, of these individuals require some special accomodation in housing. There are long waiting lists for most of the more than 15,000 community residential facilities for persons with developmental disabilities across the nation. For years, there have been people waiting for affordable and accessible housing in virtually every city and locality across the country.

Securing appropriate housing is a major prerequisite to social integration and living independently for persons with disabilities, yet after more than a quarter century of federal involvement in developing specialized housing designed to meet the unique needs of these populations, people with handicaps continue to be among the most inadequately and inappropriately housed segments of American society.

Available data suggest that the costs of providing appropriate housing options for people with disabilities are well worth the investment because of the significant saving that may be engendered by enabling people with disabilities to live in the community, get jobs, and pay taxes. The lack of appropriate housing opportunities for individuals with disabilities frequently results in the unnecessary and expensive institutionalization of such persons usually with the support of federal dollars There are estimates that over 300,000 persons with handicapping conditions are unnecessarily institutionalized due to a lack of appropriate housing arrangements.

The inadequacy of housing options for people with disabilities has contributed to a growing problem among people with a full range of disabilities, especially people with mental illness: homelessness. Although there are no reliable national surveys, it is estimated that the number of homeless persons in this country ranges between 250,000 (U.S. Department of Housing and Urban Development) and 3 million (National Coalition for the

Homeless) persons. According to an analysis prepared by the Department of Health and Human Services of local studies conducted in several major metropolitan areas of the United States, between 25% and 40% of homeless single adults are mentally disabled. They are generally among the most vulnerable and disabled of the homeless population and are of particular concern to us. This population, unlike those who are temporarily traumatized by being homeless, risks the regression of serious long-term disability and sometimes death on the streets.

Despite this obvious and critical need for low income and specialized housing, subsidized housing is slated by the Administration for severe cuts under the FY 1987 budget, an almost $9 billion is proposed between fiscal 1986 and fiscal 1987. If the President's budget were enacted, budget authority for housing aid from fiscal 1980 to fiscal 1987 will have been cut by more than $24 billion, or 91 percent.

The President also proposes termination of the Section 202 program, despite the fact that deinstitutionalization mandates and rates of homeless people with disabilities are increasing pressures on an already inadequate supply of specialized housing. Similarly, the Administration proposes termination of the Section 8 housing assistance program, and the Congregate Housing Services program which would place in jeopardy people currently living in the community, placing them at risk of more expensive, usually federally funded, institutional care.

Under the President's budget, inadequate and yet unproved system of voucher payments would offer the only avenue for incremental units.

The President's budget thus results in a wholesale attack on critical housing programs for poor people many of whom are disabled. Without question, such action would add significantly to the numbers of people wandering our streets with no home.

CCDD is encouraged, however, by the Senate Budget Committee's actions to restore some of this funding. While we do not believe the Committee budget provides sufficient funds for low-income housing and housing for people with disabilities, it does at least restore the Section 202/8 programs to previous levels, and reduces the cut-backs in other areas.

Federal Programs

The need for the federal government to continue to be actively involved is clear since the private sector simply has not produced enough affordable housing, especially units designed with the supportive living environments necessary to assure that the elderly and handicapped can maintain their highest level of independent living. These supportive living environments include specialized features such as grab bars, extra wide doorways, and high intensity lighting, coupled with appropriate services which are either too costly or simply not available in existing housing.

Recognizing this need, Congress last year soundly rejected the Administration's proposal for a two-year moratorium on Section 202 housing by providing 12,000 new units for persons who are elderly and handicapped. This was a clear expression of support and recognition that federal savings result from preventing premature and inappropriate institutionalization.

Section 202/ Section 8

Section 202 of the Housing Act of 1959, as amended, provides direct loans to nonprofit organizations to construct or rehabilitate and manage housing for low-income persons who are elderly or who have handicaps. Housing developed for people with disabilities must be small and located in residential areas, thus supporting the deinstitutionalization movement, and contributing both to more appropriate independent living opportunities and to a less expensive community-based service and housing system. The Section 202 program has been successful in setting standards for housing design, service delivery, and in general, for the quality of life for people with special housing needs. Furthermore, a 1984 HUD report recognized the need for other than private sector assistance in the development of appropriate housing alternatives for people with handicaps.

Because housing development for handicapped individuals has increasingly focused on small group homes and apartments, we are supportive of legislation that would establish separate standards and procedures for handicapped housing. The Section 202 guidelines, heretofore, have been predicated upon the needs of the large congregate elderly facilities, creating ongoing problems in the application to these small handicapped projects of the fair market rent schedules, the cost containmnet directives, and the management requirements.

Section 202 is important both because it is the only capital financing mechanism within HUD specifically designated for housing development for people with handicaps and because it is administered in tandem with the Section 8 New Construction Program assuring ongoing rental subsidies.

Section 8 Housing Assistance Payments support not only people who live in housing constructed through the Section 202 Loan program, but also enable many persons with disabilities to live in certified apartments and public housing. Persons depend upon Section 8 certificates to supplement their rental payments. Most of these individuals would be in more restrictive and more expensive living arrangements were the rent certificates not available. This is, therefore, a cost-effective way of serving low-income persons who are disabled.

For several years the Administration has proposed converting all of Section 8 to a voucher program, arguing that the federal government would be better able to support larger numbers of persons who are truly needy. The conversion has been opposed by CCDD and others because it would eliminate the two-prong purpose of Section 8 certificates: to provide affordable housing while stimulating the housing industry to develop a more adequate stock of housing. Persons with physical disabilities simply cannot find barrier free housing in their local communities. Housing that offers the term limitation and payment standard versus unit cost basis of the vouchers does not measure up to the current benefits of the existing Section 8 Program for people with disabilities. Further, the Administration proposed voucher system fails to offer the necessary incentives for private sector development of specialized housing for people with handicaps which now exists under the Section 202/8 programs and the moderate rehabilitation program. As a final concern, the President's budget projects a total of 50,000 incremental units under the voucher program for FY 1987, approximately 17 percent fewer new units than the total actually funded in 1985 under all the HUD programs vouchers would replace. The Administration's proposal cuts both the potential supply of low-income subsidies and the incentive for development of specialized housing and will result in the consignment of people with disabilities to more expensive, otherwise publicly-funded institutions or, as is happpening in increasing numbers, to the streets.

In addition to his failure to request FY 1987 funds for the Section 202/8 programs, the President is acting in a manner which will dismantle the program through unprecedented use of deferrals and attempted use of recissions. We urge the Congress to act now to prevent these destructive proposals, and to allow HUD to proceed immediately with the fiscal 1986 section 202 program, as agreed to both by Congress and the President last December. We are pleased that this committee has acted to disapprove the deferral of all new loan authority for the 202 program and for Section 8. We urge that this bill be brought to the House floor without delay so that applicants can have time to go through the approval process by the end of the fiscal year.

The Administration has proposed termination of the Section 202 program at a time when deinstitutionalization mandates and rising rates of homeless people with disabilities are increasing pressures on an already inadequate supply of specialized housing. The $54.6 million which appears in the budget would authorize loans only for approved amendments to projects already in the "pipeline," eliminating any future development.

For FY 1987, the CCDD recommends an appropriation of $656.9 million in new loan authority for FY 1987 for Section 202, and $10.218 million for Section 8. In the last ten years, the gradual reduction in funding of new loan authority under Section 202 has resulted in a 60% reduction in the number of new units funded annually. CCDD's recommendation for FY 1987 is for an inflation increment to allow approximately level production of 12,500 new units. Termination of such a crtical program at this time would not be in keeping with the Administration's own analysis of the need or with the increasing concerns of citizens with handicaps who have nowhere to go.

Congregate Housing Services

This program provides funding for essential supportive services (meals, transportation, and personal care and housing assistance) to housing units developed through the HUD Section 202 loan program and through Public Housing Authorities. Three to five year contracts have been awarded to eligible housing managers to assure that necessary services would be available to tenants who are elderly or who have handicapping conditions.

The Administration is recommending termination of the program which will place in jeopardy people currently living in the community with the assistance offered under the program, placing them at risk of more expensive, usually federally funded, institutional care.

For FY 1987, CCDD recommends the appropriation of $4.27 million for Congregate Housing Services. As people with more severe disabilities move into the community, there is a growing need for more services which increase access to and use of community-based housing. Funding for one of the major sources of assistance for support services, the Title XX Social Services program has been reduced substantially since the program was converted to a block grant in 1981. In-home services necessary to assure recipients' ability to fully access housing through HUD funded under Medicaid programs have not been uniformly available, and state and county governments have been hard pressed to fill the funding gaps created by reduced spending on human services. At a minimum, funding should be returned to the FY 1985 levels, with the addition of OMB's 4.1 percent inflation figure.

Community Development Block Grant

This program provides grants to units of general local government and states which includes the funding of activities frequently managed or operated by non-profit organizations assisting people with developmental disabilities such as acquisition or rehabilitation of buildings used for group or independent living arrangements, for shelters for people who are homeless, and day activity centers. The Administration has proposed what amounts to a 1/3 reduction in the program for FY 1987.

CCDD recommends an FY 87 appropriation of $3252.1 million for the Community Development Block Grant. People who have developmental disabilities have benefitted from the establishment of residential and day treatment centers that would otherwise not have been available for their use. CCDD is concerned not just with the amount of the proposed reduction but also with the Administration's proposed limitation of entitlement areas and expanded recommended CDBG fund use, including rental subsidies. Without the CDBG program, fewer of the much needed housing, treatment centers, and workshops for sheltered employment will be developed and more people will be homeless, in institutions, and lacking services.

Secretary Pierce, upon presenting his FY 87 budget, announced that "Affordability, not availability, remains the dominant problem for the poor." As the numbers in our testimony have clearly demonstrated, this statement is simply contrary to fact. The organizations I speak for today feel strongly that availability is more serious a problem than affordability. There is a severe shortage of housing for disabled people in this country and the federal government has a resposibility to something about it. We can no longer ignore the painful reality of this increasingly serious social problem.

SUMMARY OF CCDD RECOMMENDATIONS

The CCDD Task Force on Housing respectfully submits the following recommendations to the Subcommittee on HUD-Independent Agencies of the House Committee on Appropriations:

- An appropriation of $656.9 million in new loan authority for the UUD Section 202 Direct Loan Program for FY 1987.
- Opposition to the termination of the Section 8 certificate program and an appropriation of $10,218.0 million in FY 1987, incorporating a 4.1 percent inflationary increment.
- An appropriation of $4.27 million for Congregate Housing Services in FY 1987.
- An appropriation of $3252.1 million for the Community Development Block Grant in FY 1987.
- A $500,000 set aside within HUD's Policy Development and Research Funds to be allocated to a non-profit sponsor broadly representative of the disability community for the purposes of evaluating and centralizing information and technical assistance regarding private financing mechanisms for handicapped housing development and state of the art accessible and adaptable design.

Mr. **Boland**. Thank you very much.

As you know, this Subcommittee, in the supplemental bill, disapproved any deferrals of the housing activities from 1986 to 1987.

Mr. Green?

Mr. **Green**. As I recollect the current HUD regulation, upon the threshold which I think is 35 units, does not permit housing to be exclusively for the disabled but requires there be a mix of elderly and disabled if there is to be a disabled population in housing.

Are you supportive of that or would you favor all disabled in view of the specialized services some of the disabled might need?

Ms. **McGuire**. I have accompanied Jill because she has a vast experience both in 202 development directed within our own population, and also within our program development in a broader avenue.

I am Jean McGuire, with the Consortium. I think the issue you are addressing is the percentage of units that would have to be set aside for the handicapped.

Mr. **Green**. Or actually the ceiling.

Ms. **McGuire**. Right. I think the issue you have addressed has been one that has been of concern within all of the groups that have accessed 202 development in terms of how do you integrate housing alternatives and make sure housing is provided appropriately to the groups you design housing for. Our focus has been to develop smaller and smaller units in terms of working with the populations with disabilities, six bedroom, eight bedroom, because that is where we are finding you get your maximum enhancement of potential.

Within those groups we believe that categorical based service is very important to restrict it to a categorical basis.

Mr. **Green**. As I understand it, at that size HUD would permit all handicapped.

Ms. **McGuire**. Right. Although there has been some discussion on how you read the Administration's criteria, that is part of what has been in the memorandums that have been passed through and challenged. But we continue to be concerned.

I think the effort to provide accessible units within the elderly housing units kind of promoted the issue that you are discussing at the moment. It was an effort to make sure there was some accessible housing development going on out there, because the private community and HUD's own assessments simply aren't doing it, but then you created the difficulty of the mixing of the very specific needs of some elderly agreements and divergent needs of some of the disabled groups.

I think HUD's intention was to promote more accessible options in the community. We continue to work with HUD to try to work through that issue a little bit more.

Mr. **Green**. Thank you, Mr. Chairman.

Mr. **Boland**. Thank you both. Thank the CCDD for its opinions and the interest in this area of which the Committee is involved. I think generally speaking we are interested in the parallel set up.

Thank you very much.

HOUSING AND URBAN DEVELOPMENT

WITNESSES

JACK GUILDROY, MEMBER, NATIONAL LEGISLATIVE COUNCIL, AMERICAN ASSOCIATION OF RETIRED PERSONS

JOAN REID, LEGISLATIVE STAFF, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. **Boland**. Jack Guildroy, National Legislative Council, AARP.

Mr. **Green**. We have your prepared statement and we will enter it in full. You may proceed as you wish.

Mr. **Guildroy**. I am Jack Guildroy, a volunteer with the American Association of Retired Persons.

With me is Joan Reid of our legislative staff.

On behalf of AARP, I would like to thank you for this opportunity to express our views regarding Federal appropriations for HUD and the independent agencies. We maintain that Federal housing policy is at a cross roads.

The Administration has called for the complete elimination of all traditional housing assistance programs, leaving only vouchers to serve low income Americans. That change would not wait for fiscal year 1987.

It is proposed to begin now contrary to decisions carefully deliberated by this Subcommittee and the Congress last year. Such action would destroy programs that have already undergone reductions in excess of 60 percent over the last five years.

The Administration's proposals would have the worst effect on the least mobile and most vulnerable consumers in the housing market, low income elderly and handicapped persons. In the wake of publication of the President's budget, AARP has received numerous calls and letters from alarmed seniors, usually elderly women living alone, who fear that they will either lose the housing assistance on which they rely or lose access to aid for which they have long been waiting.

For example, an AARP member in California writes, "I have a forced move in a few months because the only house I have rented from a mobile park for 12 years now is to be demolished to enlarge the park for spaces.

"I am frightened as rents have gone beyond my reach. I am 86 and living on SSI and social security. The amount is $535 a month. I am alone, no son or daughter. I am determined to stay out of the board and care places for the aged.

"With rents increasing, affordable units disappearing from the market and functional impairments making self-sufficiency more difficult, many older people look to the public sector for some minimal support in maintaining their independence."

Our Association appreciates this Committee's efforts to maintain a strong Federal role in meeting such needs and we commend the Chairman and other members of the Subcommittee, for your unequivocal rejection of Administration proposals to dismantle housing programs.

Specifically, we ask the following policy recommendations be adopted. First, to overturn the Administration's housing deferrals for fiscal year 1986. Deferral of $2.3 billion in HUD housing assistance adversely affects key programs serving older Americans, especially Section 202 and rental assistance.

Deferring of borrowing authority for the Section 202 revolving loan fund threatens to severely disrupt that program. We regret that the Committee's efforts to overturn the housing deferrals have met with obstacles.

We urge the speediest action possible to release all fiscal year 1986 housing and community development funds.

Second, approve no less than the fiscal year 1986 appropriations level for all HUD housing and community development programs in fiscal year 1987. The need for a strong Federal role in housing development and assistance continues to be compelling. This is no time to reduce the Federal commitment even further.

Third, to fund the Section 202 housing for the elderly and handicapped program at levels sufficient to support 12,000 new units. Low income, older and disabled persons are hard put to find, let alone seek, affordable units that offer specialized design and supportive services in the private market. The Section 202 program has produced this kind of housing with unparalleled success.

Fourth, continue funding of the Congregate Housing Services Program. Of the 62 projects now funded under CHSP, 33 will be forced to close if no additional monies are provided in fiscal year 1987. This program should be continued permanently.

Fifth, full operating and modernization subsidies should be maintained in public housing and full adjustment should be provided for Section 8 fair market rents.

Six, the voucher program should be thoroughly evaluated before it is expanded further.

In another area, our Association urges the Subcommittee to approve report language encouraging EPA to make greater use of Senior Environmental Employment program employees. Presently about 2,250 older workers are employed by the EPA under this program.

In fiscal year 1987, the number of participants could be doubled, thereby contributing substantially to the quality of our environment at very little cost.

In conclusion, AARP recognizes that high, sustained deficits and the impending threat of spending reductions under the Gramm-Rudman-Hollings law place tremendous pressure on Congress this year.

That is why our association supports development of a fair and sound Federal budget. However, to cut housing assistance further would be neither fair nor ultimately cost effective, since basic housing needs left unattended will only grow and be reflected in crisis spending for both housing and health care in the not-too-distant future.

We urge the Subcommittee instead to plan and spend sensibly now instead.

Thank you.

[The statement of Mr. Guildroy follows:]

AARP

STATEMENT OF

JACK GUILDROY, MEMBER

NATIONAL LEGISLATIVE COUNCIL

AMERICAN ASSOCIATION OF RETIRED PERSONS

ON

FY 1987 HUD-INDEPENDENT AGENCIES APPROPRIATIONS BILL

(FEDERAL HOUSING PROGRAMS; SENIOR ENVIRONMENTAL EMPLOYMENT PROGRAM)

BEFORE THE

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

MAY 7, 1986

American Association of Retired Persons 1909 K Street, N.W., Washington, D.C. 20049 (202) 872-4700
Vita R. Ostrander *President* Cyril F. Brickfield *Executive Director*

Chairman Boland and Members of the Subcommittee:

On behalf of the American Association of Retired Persons, a membership organization numbering over 22 million, thank you for this opportunity to express the Association's views regarding federal appropriations for the Department of Housing and Urban Development (HUD) and the Independent Agencies. Our recommendations focus primarily on housing programs serving older Americans, and can be summarized as follows:

Re: HUD

1) Overturn completely Administration deferrals of FY 1986 housing appropriations.

2) Approve FY 1987 appropriations for housing and community development at no less than levels appropriated for FY 1986.

3) Provide sufficient funding for Section 202 Housing for the Elderly and Handicapped to support 12,000 new units. Include report language emphasizing awards to minority sponsors.

4) Continue funding of the Congregate Housing Services Program.

5) Maintain full operating and modernization subsidies in public housing and provide full adjustments in Section 8 Fair Market Rents.

6) Require complete evaluation of the Voucher Program before expanding it further.

Re: Environmental Protection Agency (EPA)

1) Approve report language to encourage and expand use of greater use of Senior Environmental Employment program participants by the EPA.

Federal housing policy is at a crossroads. The Administration has called for the complete elimination of all traditional housing assistance programs, leaving only vouchers to serve low income Americans. This change would not wait for FY 1987, but is proposed to commence now, abrogating decisions carefully deliberated by your Subcommittee and the Congress last year. Such action would deliver the coup de grace to programs that have already undergone reductions in excess of 60 percent over the past five years.

The implementation of Administration policy would have the most severe consequences for the least mobile and most vulnerable consumers in the housing market: low income elderly and handicapped persons. In the wake of publication of the President's budget, AARP has received numerous calls and letters from alarmed seniors -- usually elderly women living alone -- who fear that they will either lose the housing assistance on which they rely, or lose access to aid for which they have long been waiting. With rent burdens demonstrably increasing, affordable units disappearing from the market, and functional impairments making self-sufficiency more difficult, older people look to the public sector for some minimal support in maintaining their independence. The case is poignantly illustrated by letters like the following:

> (from a member in California)
>
> "I have a forced move in a few months because the old house I rent from a mobile park (for 12 years now) is to be demolished to enlarge the park for spaces. I'm frightened as rents have gone beyond my reach. I am 86 and living on SSI and social security. I am alone -- no son or daughter. The yearly amount (sic) is $535 a month. I am determined to stay out of the board and care places for the aged. . ."
>
> (from a member in New York)
>
> I have my name on a couple of waiting lists in Massachusetts because that's where my family lives. I thought it might be nice as long as I was a widower and alone except for my son who lives in Massachusetts. Now the question is this (sic). Now that our Administration is making drastic cuts in spending (one of which is supposed to be on housing) is it safe for an older person to give up his home and move into these housing groups? If I moved in and they made their drastic cut, where would I stand?"

The Association commends the Chairman for his unequivocal rejection of the Administration's proposals which would dismantle federal housing programs. We regret that the Committee's efforts to overturn the housing deferrals have met with obstacles and urge the speediest action possible to release all FY 1986 housing and community development funds. The Association appreciates the Committee's consistent support of a strong federal role in housing. Specifically, we ask that the following policy recommendations be adopted:

1) Overturn the Administration's housing deferrals for FY 1986. Deferral of $2.3 billion in housing assistance adversely affects key housing programs serving older Americans, especially Section 202/8 Rental Assistance. Congress should act to overturn these deferrals, attaching to such action report language specifically disapproving the Office of Management and Budget's (OMB) request to lower the Section 202 loan limitation which controls new Section 202 activity. At the same time, the Administration's $599 million deferral of permanent Treasury borrowing authority for the Section 202 revolving loan fund should be specifically reversed.

2) Approve no less than the FY 1986 appropriations level for all HUD housing and community development programs in FY 1987. The need for a strong federal role in housing development and assistance continues to be compelling. The private sector has not produced enough affordable housing for low income people, especially units designed to enable older persons and those with disabilities to function as independently as possible. As noted, rent burdens are increasing, the stock of low income housing is dwindling, and a recent survey of the nation's mayors indicates that these trends are contributing to the serious problem of homelessness across the country. At the very least, current appropriations for housing and community development programs should be maintained in FY 1987.

3) Fund the Section 202 Housing for the Elderly and Handicapped Program at levels sufficient to support 12,000 units. There is a high and growing demand for specially designed housing with a supportive environment and appropriate services -- housing that the Section 202 program has produced with unparalleled success. Low income older and disabled persons are hard put to find -- or even seek -- unsubsidized units that offer (among other features) lowered counter-tops, non-slip floors, grab bars, extra-wide doorways, and the nutrition and transportation services that allow them to maintain the fullest measure of independence and security. Waiting lists for existing Section 202 facilities are frequently closed, with a wait of up to five years for those who are on them. Moreover, older persons in Sections 8, 236, and 221(d)(3) facilities that are now reaching loan term are at risk of displacement, yet few affordable and appropriate settings await them in their communities. A rapidly aging American population ensures that the need for Section 202 units and similar alternatives will continue to increase. Beyond the advantages to residents of a less restrictive environment, congregate housing clearly avoids the heavy costs to taxpayers imposed by inappropriate institutionalization.

The Association urges that report language once again be approved that emphasizes the awarding of Section 202 fund reservations to minority sponsors. Both House and Senate Subcommittees have incorporated such language in reports accompanying the Appropriations Act in the past, and we strongly support continuation of this policy. When minority sponsors are selected, there is a greater likelihood that they will establish projects in areas with greater concentrations of older minority persons.

The Association is concerned about HUD's overly strict implementation of the "very low income occupancy", or "targeting" requirement. HUD's administration of this requirement is contrary to Congressional intent and adversely affects both sponsors and consumers of the Section 202 program. Despite a Senate colloquy on this issue and report language accompanying last year's Appropriations Act that called for a change in method of administering the requirement, HUD has failed to comply. The Association therefore urges the Committee to include statutory language in the FY 1987 Appropriations Act to resolve this issue.

4) Continue funding of the Congregate Housing Services Program (CHSP). The CHSP provides more comprehensive services in Section 202 and public housing for the elderly, including, among others, meals, personal care, housekeeping and home health services, shopping and escort services, and case management. Congregate services promote socialization, reduce isolation, and contribute to the improved health and well-being of assisted residents. As older persons age in place, these services become increasingly important.

Of the 62 projects now funded under CHSP, 33 will be forced to close if no additional monies are provided in FY 1987. All but a few of the remainder would run out of funds in FY 1988. AARP believes this program should be continued permanently and expanded as soon as possible.

5) Maintain full operating and modernization subsidies in public housing; provide full adjustments in Section 8 Fair Market Rents (FMRs). Units constructed through public housing and the Section 8 program house the vast majority of assisted elderly households. Forty-two percent of all public housing units are occupied by at least one individual over age 62. Administration proposals to freeze subsidies for ongoing upkeep and to reduce funds for modernizing these units thus jeopardize the living conditions of a substantial number of vulnerable elderly citizens. Proposals to freeze FMR's pose a similar threat to residents of Section 8-assisted facilities, where owners will be forced to respond to reduced resources by cutting back on maintenance. This should not be allowed to happen. Also, since Fair Market Rents dictate future rental revenues available to pay off the loan and operate the project, artificially low FMRs produce stripped-down facilities of substantially reduced quality.

6. Evaluate the voucher program before funding any further expansion. Despite Administration proposals to replace all existing housing programs with vouchers, serious doubts remain as to the adequacy of such an approach in meeting the needs of low income persons, especially those -- like the elderly and handicapped -- who are less mobile and who require special features and services in housing. A thorough evaluation of vouchers has yet to be made and offered for comment, action which is essential before further expansion of the program takes place.

Senior Environmental Employment Program

The Association urges the Subcommittee to approve report language to encourage the Environmental Protection Agency (EPA) component units to make greater use of Senior Environmental Employment enrollees in improving our environment. The Senate HUD-Independent Agencies Appropriations Subcommittee approved this language for the Fiscal Year 1986 funding bill. We affirm our support for similar language in the FY 87 appropriations measure.

The Gramm-Rudman-Hollings balanced budget amendment has forced government agencies to economize and to search for innovative approaches to maintain services with less funds. The use of older workers has proved to be a cost effective means to control environmental pollution. Otherwise, EPA would be required to hire consultants who would be paid substantially more than SEE enrollees. Presently, approximately 2,250 older workers are employed by the EPA under the SEE program. It is estimated that in FY 1987 the number of participants could be doubled, thereby contributing substantially to the quality of our environment at very little cost.

SEE is a program that enjoys strong bipartisan support, in large part because it is a "win-win" proposition. SEE not only provides crucial services to improve the environment in localities throughout the country, but it also enables older Americans to help themselves while engaging in fulfilling activities by helping others in their communities.

The report language could help to expand the role for SEE enrollees to assist EPA component units, including complying with recent regulations for ground water, water supply monitoring, acid rain inventories, hazardous materials routing survey, water quality sampling and monitoring, and pesticide inventory and control. Additionally, the language could promote the establishment of state environmental assistance projects. Moreover, report language would make it possible for EPA to assist state and federal facilities in meeting the National Environmental Policy Act mandates.

EPA's environmental projects frequently lend themselves to the hiring of older Americans because the tasks are typically short-term and temporary in nature. One noteworthy example is the asbestos in school control program. SEE enrollees have distinguished themselves in identifying asbestos in our school systems throughout our nation, and assisting in its removal to assure a safer and healthier environment for children.

SEE has proved to be an extraordinarily successful program time and time again. EPA should be encouraged to make greater use of this economical and effective program.

CONCLUSION

AARP recognizes that high, sustained deficits and the impending threat of spending reductions under the Gramm-Rudman law place tremendous pressure on Congress this year. That is why the Association supports development of a fair and sound federal budget. To cut housing assistance further, however, would be neither fair nor, ultimately, cost-efficient, since basic housing needs left unattended will only grow and will be reflected in crisis spending for both housing and health care in the not-too-distant future. We urge the Subcommittee instead to plan, and spend, sensibly now.

Mr. **Green**. Thank you for your statement. Could you spell out a little bit more for me what the EPA employees and the CIAP Program are doing for EPA?

Ms. **Reid**. I believe they have done some work in areas where it has been difficult or expensive to use other employees, such as asbestos testing in schools and some water pollution testing; there is certainly room for many, many other activities.

Mr. **Green**. So they are basically doing field studies?

Ms. **Reid**. As far as I know, that is right. We could get more information on that.

Mr. **Green**. If you would, I would appreciate it. I want to thank you again very much for your statement.

[The information follows:]

SENIOR ENVIRONMENTAL EMPLOYMENT

INTRODUCTION: The Senior Environmental Employment (SEE) program utilizes older Americans (age 55 and above) to perform vital services for federal, state, and local environmental agencies in helping EPA meet its legislative missions. More importantly it provides older workers the opportuity to perform meaningful work and embark on new careers in high priority programs. If not for the SEE program, many environmentally mandated activities would not be met due to lack of manpower.

BACKGROUND: The Administration on Aging (AoA) and EPA signed an interagency agreement in September 1976 which provided the basis for the SEE demonstration project. The demonstration proved that older Americans could be effectively employed in environmentally related jobs. AoA committed $1M a year for three years and EPA provided $250,000 for support of ten pilot projects, one in each federal region and one EPA headquarters project.

In 1980 the Office of Pesticide Programs committed $400,000 and the national aging organizations matched it with $1,200,000 of their Department of Labor, Title V, funds to survey non-agricultural usage of pesticides in the U.S. Approximately 600 older workers were utilized for the survey taking over a year to complete. Presently a survey of pesticide usage in greenhouses and nurseries will begin in 30 states. The SEE program has volunteers in 60 cities and communities doing noise counseling and also volunteers in several EPA labs, offices and state environmental offices. It is estimated that 2,000 older workers are involved in the program.

EPA produced a ten-minute film, "SEE Its Working," two public service TV clips (which are being shown nationally), and printed 10,000 pamphlets on the SEE program.

Congress has for several years in their Committee Hearing reports commended on the outstanding success of the SEE program.

CONGRESSIONAL HISTORY: Senator Chafee introduced S-518, "The Senior Employment Assistance Act" which passed both houses and was signed into law June 12, 1984. This PL-98-313 gives EPA the authority to establish a grants program to utilize senior citizens to do environmental tasks as long as they do not supplant federal employees.

EPA over the past several years has awarded approximately ten million in grants to National Aging Organizations to hire senior citizens to do environmental work.

EXAMPLES

Radiation Monitoring - $603,384 - To provide senior citizens to supplement the ongoing radiation monitoring program at Three Mile Island (TMI), and support to R&D laboratories in Duluth, Minnesota and Vint Hill, Virginia. The SEE enrollees will check thirteen sampling stations around TMI for proper operation, sample collection and routine maintenance. In the R&D laboratories the SEE enrollees will perform tasks in support of EPA program responsibilities relating to aquatic toxicology research, toxic substances control, film identification and inventory as well as general clerical tasks.

Pesticide Usage Surveys - $884,211 - The objective of this grant is to establish statistically valid pesticide usage data presently not available for non-agriculural pesticide usage sites, even though the need is critical for such information. The proposed project would generate usage data which will permit States to monitor the kinds and how much pesticides are being applied within the State, and aggregate State data on pesticides.

Regional Radiation Program - $63,579 - To provide senior citizens an opportunity to acquire new skills in the performance of tasks within the ongoing radiation program. The SEE enrollees will provide support to administrative personnel and technical assistants in the maintenance of equipment, gathering samples, analyzing data for local citizens' inquiries and other technical support deemed appropriate.

Solid Waste Liaison - $230,047 - There are three objectives within this grant: (1) To provide meaningful full or part-time employment to senior citizens fifty-five (55) years of age or older; (2) To give technical assistance to Urban League affiliates regarding solid waste management and how it affects the minority community; (3) To support the delivery of technical assistance to state and local government on all matters of solid waste management.

Asbestos Control - $885,947 - To develop and conduct an asbestos control training program to provide direct technical assistance to State and local officials through the Regional offices. Under an amendment, Senior environmental enrollees will assist the Office of Toxic Substances in compliling, processing, and analyzing data relating to problems of exposure to toxic substnaces.

Asbestos in Schools Program - $2,352,630 - The overall objectives of the grant are (1) to provide technical assistance to State and local school districts to assess the asbestos contamination in schools; (2) to train local personnel in how to correct or replace contaminated asbestos materials;

and (3) to have senior citizens to assist in researching selected toxic substances and assist scientists in compiling, processing, and analyzing information on problems of toxic substances exposure.

Clean Air Counselors - $84,211 - To establish a Clean Air Counselors training program which will follow up on gasoline stations which have been cited for nozzle violations. The program will also spot check for customers at gasoline pumps for modified tanks or other devices which allow for dispensing of leaded gasoline into automobiles requiring unleaded gasoline. A second part of the grant calls for the development of a Clean Air Counselors training manual and training of twenty Title V Clean Air Counselors.

EPA is very committed to the Senior Environmental Employment (SEE) Corps, the utilization of the wealth and experience possessed by older workers. We believe that the SEE Corps provides excellent opportunities for older citizens to participate in the benefits of the program, while improving environmental quality for everyone.

HOUSING AND URBAN DEVELOPMENT

WITNESS

DANIEL WUENSCHEL, COUNCIL OF LARGE PUBLIC HOUSING AUTHORITIES

Mr. **Green**. Daniel Wuenschel. We will put your full statement in the record and you may proceed as you wish.

Mr. **Wuenschel**. Members of the Committee, my name is Dan Wuenschel. I am the Executive Director of the Cambridge, Massachusetts Housing Authority. I am also the Chairman of the Council of Large Public Housing Authorities for whom I am testifying today.

The 42 members of CLPHA manage nearly 40 percent of the conventional Federal public housing stock, plus another 150,000 units of Section 8 "existing" and "moderate rehab" rental assistance.

I would like to report how pleased our members were that Chairman Boland was able to attend our CLPHA meetings in Washington, D.C. in February so that we could honor him with a presentation. His record of supporting us is of longstanding.

We were also very pleased with the intensive questioning of Secretary Pierce and other representatives from HUD in recent hearings before the Committee, especially by Representatives Boland, Boggs, Green, Sabo and Stokes.

From all reports, this was one of the most thorough, probing sessions regarding the Department that has occurred in the last five years, and I think it pointed out the magnitude of some of the problems PHAs are facing as well as HUD's lack of responsiveness on these issues.

Mr. Chairman, I know that the available time is short, so I will limit my remarks to four topics: one, HUD's proposals to defer or rescind public housing funds; two, the need for adequate public housing operating subsidies, especially in light of the serious insurance crisis in public housing; three, maintaining the public housing modernization program and supplementing it in some cases with development funds; and four, problems with HUD's administration of the Section 8 "existing" and "mod rehab" programs.

Mr. Chairman, we greatly appreciate the action of this Committee in refusing to approve the rescissions proposed by HUD, in particular CIAP, and in including as part of the Urgent Supplemental Appropriations Bill both a rejection of the deferrals, and suggested reform of the deferrals process. We fully support and thank you for these actions.

HUD often blames housing authorities for slow processing of housing money, but we submit the reverse is the case. CLPHA survey shows 70 percent of the CIAP funds are spent within two years of its availability.

In fact, of the first two years of CIAP, fiscal year 1981 and 1982, 92 percent of 1981 and 84 percent of 1982 has been spent. The notion of some kind of continuity is really quite important to us as well.

Sometimes I think we tend to forget we public housing authorities operate the modernization program by staffing that is funded by modernization, so that some level of predictability and constancy helps us to maintain a professional staff and helps us be able to plan for and deal with the money as it becomes available.

In some cases if there is predictability, we can actually do architectural engineering work and planning in advance of the actual seat of funding so that when that money is available, we can move with it promptly.

Now, to speak briefly of operating subsidy, CLPHA estimates the need for operating subsidy for fiscal year 1987 to be $1.48 billion. A more detailed explanation of this need is attached in my written testimony.

I would like to discuss with you two aspects of this request in particular, HUD's proposed freeze of allowable expense levels in fiscal year 1987 and HUD's refusal to help us housing authorities with the insurance prices that we are facing.

As the Committee recognizes, HUD's position on the AEL freeze is, quite frankly, untenable. PHAs can't freeze things like wages and benefits which we pay the staff because of existing collective bargaining agreements which we must honor.

If AELs are capped, our only resource is to cut back on the number of staff, and very often we are talking about cutting staff who, in Cambridge for example, collect rent or conduct annual recertification or maintain the stock or take people from the waiting list and fill vacant apartments.

We would ask you please don't support this penny-wise and dollar foolish proposal by HUD. The insurance problem is documented.

It is recognized by everyone, including the White House, and it is real.

Mr. Baugh essentially testified before this Committee that PHA's renewing their fire and extended coverage are experiencing increases which average 400 percent. Increases for liability coverage are ranging between a thousand and two thousand percent. Both often with increased deductibles and/or reductions in coverage.

CLPHA estimates insurance will cost PHAs an average of $80 per unit in fiscal year 1986, and a $100 per unit in fiscal year 1987. This means essentially $65 million more in fiscal year 1986 and $80 million more in fiscal year 1987 than would be provided by PFS, if insurance were to follow the same inflation rate as allowable expense levels.

Unfortunately, HUD either sees no problem with this or sees no role in finding solutions. In fact, HUD has refused to do anything about the problem when there is a specific avenue available under performance funding which contemplates such problems, namely, their cost beyond control provision.

Failing this, we would ask the Committee to specify language similar to that proposed by the Senate Appropriations in fiscal year 1986 instructing HUD to specifically address relief to housing authorities for these insurance cost overruns.

It is a substantial cost of housing authorities. To give you an example, in Cambridge we have experienced a 153 percent increase in fiscal year 1986 and expect another increase of 50 percent over that in fiscal year 1987. It has cost us $85,000, and that cost comes from a limited pie, as you know.

We have to make a reduction in maintenance, material, and supplies. It has to come from somewhere. Janet Purnell, a member of our Association from Akron, testified last week before the Senate Appropriations Subcommittee that Akron would have to make reductions of $100,000 in staff costs to make up for this higher insurance costs, and Joseph Laden from the Albany Housing Authority literally laid off 21 employees because of increased insurance.

But there are worse things happening. HUD is literally signing waivers of its own ACC requirements and allowing PHAs to go bare with insurance. In our testimony attached to that is a list of 65 public housing authorities who have obtained such waivers and an additional 13 who are requesting waivers of that nature.

We find it incomprehensible that HUD should do this. We met some time ago with Secretary Lindquist who said he would help PHAs who have gone bare and suffered some kind of catastrophic loss. Mr. Lindquist is now gone and HUD is doing nothing about it.

There is a horror story, if you will, in our testimony with respect to an insurance incident affecting the Jersey City Housing Authority, and I would just suggest that you take a look at that.

What it shows is either confusion by HUD on the issue or a complete lack of understanding. CLPHA, incidentally, has undertaken, on its own, a study, and set up an insurance study group in trying to come to grips with this problem but, again, we received little or no assistance from HUD.

In terms of modernization, Mr. Green, the Housing authority has benefitted in Cambridge a great deal from the CLPHA program in the last several years. We would like to invite you and other Members of the Committee and staff to Cambridge to see what modernization under the CIAP program can really do.

We have done a variety of approaches ranging from the comprehensive development of one of our large family developments, Washington Elms, to a thorough waterproofing of a couple of elderly high rise buildings, to the installation of new heating systems in a family development which has resulted in a net consumption decrease of 29 percent when measured in BTUs and accounting for heating degree days, and a cost saving of 53 percent just in the first year after its installation.

CIAP works. We would really like to have you come to our city and would like to have the tenants thank you, particularly the Members of this Committee, for what it has done visibly.

It affects their lives and it works. We believe that in the future there should be three important directions for public housing modernization. We would recommend that the bulk of the available modernization continue to be comprehensive models in connection with the five-year plans that HUD has required housing authorities to develop and which they will be submitting shortly. We suggest this because there is a backlog.

I think everyone knows there is a backlog and until that backlog is addressed, a comprehensive approach, I think, is demonstrated to be the best approach. We would also recommend to you the housing authorities be given greater flexibility to use development money along with modernization money to address these particularly difficult, dense, high rise type projects that we have in some cases.

In Chairman Boland's recent remarks in hearings we would say that he was absolutely right when he said that public housing is the best housing alternative for the poor, except in those cases where the housing is too dense or it is ill-designed in the first place. It is in these kinds of developments where we can use some development money along with modernization money to kind of shuffle the deck, to redesign, to reconfigure units, reduce density and, in fact, to provide some replacement units on other sites so that we can get at the nastiest problems that we have.

We have used this approach in Cambridge. It works. It takes time, but in the long run it is the best approach, we feel.

In fact, the use of development money in this manner, it is my understanding, was initiated by this Committee and, in fact, sadly I would report to you it is the most under-publicized thing from HUD to the housing authorities. Most housing authorities know nothing about the availability of development monies through the modernization process.

Finally, with respect to modernization, I would like to say that we have a timebomb that we are working with here and that is the elderly developments. There are a vast number of elderly developments out there that were built in the sixties and the seventies that have had no money for modernization to date, and that are beginning to show signs of serious wear.

We cannot keep up with the money to perform these renovations and, in fact, the amounts of money required to deal with them are more than what a replacement allowance would permit.

What needs to be done is they need to be dealt with under the modernization program and brought up to snuff, so that then something like a replacement allowance, which we think is a good idea, would make a lot of sense for them.

But costs would not be enormous if we get a hold of this problem with the elderly developments now, but if we ignore it, it is going to be a problem. I would like to say one final thing on modernization. CLPHA is baffled and upset over the comprehensive grant proposal being insisted upon by the authorizing committee.

We don't understand why it is there. CIAP works. The Abt study, we are told by HUD, is going to be available to us in December of this year.

We certainly ought to see what the backlog is, what the magnitude of the problem is, before we switch to a different methodology for approaching things.

Again, I would say CIAP works and we should not change it in favor of comprehensive grants at least until we know what the Abt study is going to show.

Finally, in terms of Section 8, I would just like to say that that, too, is a program that has worked well for CLPHA and its members. We would like to request your Committee to support the following things: adequate fair market rents that would be updated annually as required by law and based on realistic local housing market data as well as PHA experience; fair and reasonable administrative fees to enable us to administer the programs and carry out our responsibilities; a 15 year term for Section 8 ACCs; regular publication of annual adjustment factors; and not converting any further Section 8 units to vouchers until the results of the voucher demonstration are known and final, using feedback from program data especially the success rates and helping households with different demographic and financial characteristics to obtain housing so that we can shape directions in the future for the program on something other than solely cost reduction criteria.

Mr. Chairman, that concludes my remarks today. I want to say we appreciate particularly the support that we have received from this Committee and, again, I would like to say we appreciate the probing questions that were asked of HUD when they were here. I would be most happy to answer any questions you may have.

[The statement of Mr. Wuenschel follows:]

CLPHA

Council of Large Public Housing Authorities

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Portland
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Rochester
Sacramento
St. Louis
St. Paul
St. Petersburg
San Francisco
Seattle
Toledo
Washington
Wilmington

STATEMENT OF DANIEL WUENSCHEL

EXECUTIVE DIRECTOR OF THE CAMBRIDGE, MASS. HOUSING AUTHORITY

AND

CHAIRMAN OF THE COUNCIL OF LARGE PUBLIC HOUSING AUTHORITIES

BEFORE THE

SUBCOMMITTEE ON HUD--INDEPENDENT AGENCIES

THE HOUSE COMMITTEE ON APPROPRIATIONS

MAY 7, 1986

509 C Street NE Washington DC 20002 (202) 543-4900
Main Office: Seven Marshall Street Boston Massachusetts 02108 (617) 742-0820

Mr. Chairman, Honorable Members of the Committee, Committee Staff and Invited Guests --

My name is Daniel Wuenschel and I am the Executive Director of the Cambridge, Massachusetts, Housing Authority. I am also Chairman of the Council of Large Public Housing Authorities, on behalf of whom I am testifying today. The 42 members of CLPHA manage nearly 40% of the conventional federal public housing stock, plus another 150,000 units of Section 8 "existing" and "moderate rehab" rental assistance. I would like to report how pleased our members were that Chm. Boland was able to attend our CLPHA meetings in Washington D.C. in February so that we could honor him with a presentation. We were also very pleased with the intensive questioning of Sec. Pierce and other representatives from HUD in recent hearings before the Committee, especially by Reps. Boland, Boggs, Green, Sabo and Stokes. From all reports, this was one of the most thorough probings of the Department that has occurred in the last five years, and I think it pointed out the magnitude of some of the problems PHAs are facing as well as HUD's lack of responsiveness on these issues.

Mr. Chairman, I know that the available time is short, so I will limit these remarks to four topics:

1) HUD's proposals to defer or rescind public housing funds;
2) the need for adequate public housing operating subsidies, especially in light of the serious insurance crisis in public housing;
3) maintaining the public housing modernization (CIAP) program and supplementing it in some cases with development funds; and
4) problems with HUD's administration of the Section 8 "existing" and "mod. rehab." programs.

1. Deferrals and rescissions.

Mr. Chairman, we greatly appreciate the actions of this Committee in refusing to approve the rescissions proposed by HUD, in particular CIAP, and in including as part of the Urgent Supplemental Appropriations Bill both a rejection of the deferrals and a reform of the deferrals process. We fully support and thank you for these actions.

This Committee told HUD at your recent hearings that you hoped the Department would obligate the unrescinded FY86 funds as quickly as possible in proportion to the amounts in the original appropriation for each program. We hope that this matter can now be resolved quickly, so that the FY86 modernization program (CIAP) can move forward without further delay, and we urge that your Committee continue to press HUD to resolve this issue so that the unrescinded FY86 modernization funds can start moving through the pipeline. It is especially ironic that HUD claims it is primarily the PHAs that are responsible for delays in the expenditure of CIAP funds, when in fact HUD itself is doing everything it can to slow down the release of these funds. Once CIAP funds are released by HUD, however, CLPHA's surveys have shown, most CIAP projects move through the pipeline reasonably on schedule, and most PHAs usually spend at least 70% of the CIAP money they receive within two years of when it is made available by HUD. Yes, we know that sometimes there are excessive delays, but HUD has shown how to handle these delays by setting deadlines for the expenditure of "old" CIAP funds, threatening the recapture of such funds, and permitting PHAs to retain them only when further extensions are truly justified. In addition, the Tables which HUD offers to the Congress annually to document CIAP expenditure rates show aggregate data as of September 30, the day in the modernization funding cycle when HUD has just obligated an entire new year's allocation of CIAP funds to the PHAs. Consequently a large proportion of these funds ~~are~~ is not accessible to the PHAs through signed ACCs for months to come.

A more revealing way of looking at the expenditure rates for CIAP funds is by looking at each year's appropriation and its expenditure rate. For example, FY82 CIAP funds should have been obligated by HUD by the Fall of 1982 and made available to the PHAs in the form of ACC's (or amendments) by February and March 1983. HUD's own figures show that approximately two and one half years later, by the end of September 1985, over 83% of FY82 CIAP funds had been spent by the PHAs. It is also likely that these percentages increased significantly by 12/31/85 because of PHA efforts to wrap up older CIAP project expenditures in response to pressure from the HUD Central Office in the midst of the threat of possible recaptures. For subsequent fiscal years the expenditure rates are likely to be even faster since both HUD and the PHAs are now accustomed to dealing with the CIAP program.

Table 1 below shows the PHA expenditures of CIAP funds for the first two years of the CIAP program, FY81 and FY82, as of 9/30/85.*

	As of 9/30/85		
CIAP (in millions)	Obligated by HUD	Spent by PHAs	%
FY81	850.1	782.5	92.0
FY82	725.7	607.4	83.7

*Source: HUD Quarterly Reports on CIAP.

Mr. Chairman, most of our PHAs have staffs that are employed to work on planning or implementing the modernization program, and many of these staff are paid out of CIAP funds. We benefit greatly in terms of staff stability, therefore, when there is a relatively constant and predictable level of activity from year to year. This enables us to maintain a high quality professional staff and carry out our modernization activities on a predictable basis. HUD itself recently established an expanded five-year comprehensive planning requirement that covers the entire CIAP program. The purpose of these plans is to introduce more rationality into the modernization process. It creates havoc with our modernization planning and implementation activities, however, when HUD tries to turn the spigot on and off, erractically and unpredictably.

The modernization program is moving effectively, and should not be interrupted by a "pause" to wait a few months for the deferrals. This would only disrupt local PHA activities and exacerbate the types of problems HUD charges PHAs to make long-range plans to correct.

2. Operating Subsidy Needs for Public Housing.

Mr. Chairman, CLPHA's estimates of operating subsidy needs for FY86 and FY87 are attached. I would like to touch upon two aspects of these requests in particular:

a) HUD's proposed freeze of Allowable Expense Levels (AELs) in FY87; and,

b) HUD's refusal to provide much-needed funding to help the PHAs meet an insurance crisis in public housing.

a) Freeze on Allowable Expense Levels. I think your committee, in its questioning of HUD, has already indicated that it recognizes HUD's position is an untenable one. PHAs cannot freeze the wages and benefits they pay. Rather, these must be negotiated with our employees and unions, often in terms of multi-year contracts. If our AELs are capped, and we still must fulfill these agreements, then over time we have no other other choice but gradually to cut back on the number of management and maintenance staff we employ. Your Committee asked Mr. James Baugh of HUD what the impact of this would be on the PHAs, and he conceded that the Department didn't know. At the Cambridge Housing

Authority, among other things, it means cutting back on the CHA's staff that oversees contracts, ~~administers the modernization program~~, develops and submits our budgets to HUD, conducts annual recertifications of tenant income, collects rents from the tenants, processes applicants on the waiting list and fills any vacant units we may have, and carries out a variety of other essential administrative functions. We ask that your Committee not support the AEL freeze that has been proposed by HUD. It would be very damaging to our PHAs.

b) Insurance. Mr Chairman, PHA insurance costs have increased enormously since the beginning of 1985. I'm sure you are aware that this is not a problem that PHAs face alone, but that it is a widespread crisis. Even the White House is apparently aware that a crisis exists and is preparing proposed legislation to submit to the Congress. Unfortunately, HUD can't see the problems or its own essential role in finding solutions. Instead, HUD is merely advising the PHAs to solve "their" problems on their own. That simply is impossible, given the way PHA budgets and operating subsidies are controlled by HUD.

Mr. Baugh recently testified before this committee that PHAs renewing their fire and property policies are experiencing an average +400% increase in premiums (often with higher deductibles); and much higher increases, often in the range of +1000% to +2000%, for their liability coverages -- again often with increased deductibles and a reduction in the upper limits of coverage.

Nationally, we estimate that insurance will cost PHAs an average of at least $80/unit in FY86 and $100/unit in FY87. This would mean that total national PHA insurance costs will be about $65 million higher in FY86, and $80 million higher in FY87, than would be provided by the Performance Funding System if insurance costs had followed the same inflation rate as allowed by HUD for the over-all AEL. PHAs across the country have approached their HUD Field Offices and requested that they approve budget adjustments to allow PHAs to deal with this insurance crisis without cutting deeply into their other operations, but HUD has uniformly refused, even though there is an existing regulatory mechanism in place that HUD could use -- the "costs beyond control" procedure, as well as substantial carry-over funds in the operating subsidy account.

As a result, those PHAs that are maintaining their insurance, at much higher rates, are having to cut back severely in staff and other expenses. In Cambridge, we have experienced a 153% increase for FY86, and we expect another increase of at least +50% for FY87. I estimate that we have had to make reductions in our other areas of operation, consequently, amounting to nearly $85,000 annually, with substantial additional cuts expected in the future. Janet Purnell of the Akron Housing Authority testified last week before your counterpart Senate Committee that she would have to make reductions of $100,000 in staff costs this year alone to cover higher insurance costs. And Joseph Laden of the Albany Housing Authority has recently had to lay off 21 employees because of that Authority's increased insurance costs.

Even that isn't the worst of the problem. Many Authorities are unable to obtain property or liability coverage at any cost. HUD, pursuing its irresponsible policy, is signing waivers of its own ACC requirements and is now "allowing" PHAs to "go bare" without any insurance coverage at all. Attached is a list of 65 PHAs for which HUD has already signed such waivers, and another 13 PHAs which have applied.

At a meeting with CLPHA last year, then-Asst. Sec. for Public Housing Warren T. Lindquist was asked what would happen if an Authority which had "gone bare" on insurance was sued for an amount in excess of the PHA's financial resources, and lost the judgment? Mr. Lindquist said that "of course" HUD could not stand idly by under those circumstances and let an Authority go bankrupt. Today, however, HUD's policy is exactly that, i.e. that HUD claims it has no responsibility to help a PHA when such a disaster occurs, and Mr. Chairman, it will occur. The muddle and confusion over insurance policy at HUD, probably caused directly by OMB, is now so great that HUD's Regional Offices are making their own "de facto" policy, witness the attached description of HUD's Regional Office's refusal to join in the negotiations concerning an insurance judgment and resulting crisis faced by the Jersey City Housing Authority. Mr. Chairman this will cause increasing problems with our Board Members' liability if they are accused of negligence in allowing their own PHAs to "go bare" without HUD support.

When your committee questioned HUD, Mr. Baugh stated flatly that HUD didn't have any funds to help the PHAs, and the PHAs consequently would have to find the funds someplace else. I share your Committee's exasperation with this answer, and am here to testify that there is no "someplace else." PHAs have no secret hiding places of money where they can find the funds to solve the insurance crisis.

We call upon your Committee, therefore, to appropriate the higher funds needed by PHAs to cover their actual insurance costs, to direct HUD to make the necessary PHA budget adjustments, and to require that -- for PHAs that "go bare" and set up their own loss reserve accounts -- HUD must allow in a PHA's budget an adequate annual contribution to such reserve that is comparable to the real costs of obtaining adequate coverage in the insurance marketplace.

I particularly would like to ask this Committee to include in report language a reminder to HUD that the statute establishing the public housing operating subsidy requires by law that these subsidies be calculated as the difference between the actual operating costs of PHAs and the income they are allowed to collect. HUD has no statutory authority to refuse to recognize actual PHA costs such as insurance, or fail to calculate and pay the necessary operating subsidy accordingly, when adequate funds are provided by the Congress.

Modernization and the CIAP Program.

Mr Chairman, the Cambridge Housing Authority has benefitted greatly from the CIAP program over the past several years, and if you, or other members of the Committee, or its staff are in the Boston area I would enjoy having the opportunity to show you the work we have accomplished, and thank you for the great improvements that we have been able to make. Some of these projects have involved substantial redevelopment of the buildings, reconfiguration of the units, changes in density, and temporary displacement and relocation of residents.

CLPHA believes that in the future, there should be three important directions for the public housing modernization program.

First, we recommend that the great bulk of available modernization funding continue to be distributed through the Comprehensive Improvements Assistance Program (CIAP), and that HUD use the comprehensive plans which have been made by the PHAs to target these funds where the needs are greatest. Many PHAs continue to have a substantial number of developments where the "comp. mod." approach is still needed, and until this "backlog" is substantially, disposed of, available program funds should not be diverted to places where the needs are less severe.

Second, we recommend that PHAs be given greater flexibility to combine development and modernization funds in those projects that are the most difficult, so that PHAs can undertake the desirable objectives of project redesign, reductions in density, reconfigurations of units, changing the family/elderly mix, changing the tenant income mix, and providing new housing on other sites to accommodate "overflow" in some cases. We have used many of these different approaches in Cambridge, but there are still many troubled family high-rise developments across the country which have not yet been treated under the CIAP program, in part because of the potentially higher costs. They need this more feasible approach.

We request the Congress to continue to provide development funds that are specially earmarked for project redevelopment by the PHAs in a variety of flexible ways.

We also strongly urge the committee to direct HUD to request any funds that are needed to carry out any lead-paint hazard elimination programs to be initiated by the Department, instead of trying to force PHAs to carry out such programs using existing scarce allotments of operating or modernization funds.

Third, we recognize that many PHAs would like HUD to provide a replacement allowance, as a supplement to a PHA's operating budget approved under the Performance Funding System, to allow PHAs to meet their capital improvements needs short of the "comp. mod." approach. Many PHAs have not received funds under the CIAP program, and still others have substantially completed their "comp. mod." work. We can foresee that the time may come in the future when, if additional funds are made available, such a new replacement allowance program would be appropriate. We feel strongly, however, that it would be premature to end the CIAP program within the next two years and rush to the new comprehensive grant program being proposed by Rep. Bartlett of the House Authorizing Sub-Committee, especially when the Administration is proposing such deep cutbacks in the funding for public housing modernization. We are extremely distressed that the Authorizing Sub-Committee, notwithstanding the divisions in its own ranks and the opposition of the major housing interest groups, is apparently going to support Rep. Bartlett's comprehensive grants proposal. We're frankly at a loss to understand how one of the most successful programs in the history of public housing can simply be traded away as a political "bargaining chip."

We in Cambridge see the need for continuing the CIAP program to help us with some of our elderly developments, which so far have not received CIAP funds.

The majority of the elderly developments in the country were built in the 1960's and 1970's, and so far have not been treated through a comprehensive modernization approach. These developments are now approaching 25 years old, and growing older. Many of our elderly developments need CIAP funds to make them more energy efficient, improve mechanical systems, improve their marketability (e.g. through breakthroughs), and repair pre-cast concrete exteriors that haven't ever been recaulked. The PFS has not enabled us to undertake these major types of needed repairs within our routine operating budget, and elderly projects across the country could represent a ticking "time bomb." The time to begin to address the modernization needs of these developments is now before the cycle of deterioration, physical decay and abandonment gets out of control.

All of us are waiting for HUD's study of nationwide needs for modernization in public housing to be completed by Abt Associates. The latest estimate given by Dr. Henry Felder before this Committee was that the total national need figures would be ready by August 1986 and the final, detailed need figures by December 1986. We urge the committee to press HUD to complete the study in a policy-neutral manner, and not introduce funding constraints or other policy considerations into the final reports. These kinds of analyses and recommendations can come later on.

There were indications at our CLPHA meetings in February that your Sub-Committee would be willing to step up the modernization appropriation for FY87 in anticipation of a significantly increased pace that could be necessary when the Abt study comes out. We would be very appreciative of such a step.

Section 8. The final topic I would like to address is the Section 8 program. The members of CLPHA have generally found the Section 8 "existing" and "mod. rehab." programs to be very good. We would like to see them continue, and we would also like to see HUD support these programs in order to make them work effectively, rather than continuing to slice back funding levels in a variety of ways -- ways that are gradually destroying the programs HUD is charged with administering.

The following is a brief summary list of the things we would ~~lie~~ like to request your committee to support:

1) adequate Fair Market Rents, updated annually as required by law, and based upon realistic local housing market data as well as PHA experience;

2) fair and reasonable administrative fees to enable the PHAs to carry out their necessary responsibilities;

3) a 15-year term for Section 8 ACCs;

4) regular publication of annual adjustment factors (AAFs);

5) not converting any further Section 8 units to vouchers until the results of the Voucher Demonstration are known; and,

6) using feedback from program data -- especially on the success rates in helping households with different demographic and financial characteristics to obtain housing -- to shape future directions for the program, rather than solely a "cost reduction" criteria.

Mr Chairman, that concludes my remarks here today, and I appreciate the kind attention of yourself and other members of the committee. I would be pleased to try to answer any questions thay you may have. Once again I want to say that I and the other members of CLPHA very deeply appreciate the supportive comments that Chm. Boland made about public housing in the recent hearings with HUD, and we thank you for the long record of financial and moral support which your committee has provided to public housing across the country over the years.

Attachment A:	PHAs that have been granted waivers of ACC requirements by HUD for (a) property and fire; or (b) liability insurance coverage. (as of May 2, 1986).
Attachment B:	Insurance problems of the Jersey City Housing Authority and failure of HUD to provide help.
Attachment C:	CLPHA statement of "public housing current concerns -- appropriations, deferrals and budget."

A-1

CLPHA

Council of Large Public Housing Authorities

May 2, 1986

PHAs that have been granted waivers of ACC requirements by HUD for fire or liability coverage.

Houston, Texas	(F)	
Stark Metropolitan, Ohio		(L)
Columbiana Metropolitan, Ohio		(L)
Contra Costa, California	(F)	(L)
Beaver County, PA		(L)
Cook County, IL		(L)
San Mateo, CA		(L)
Carbondale, PA	(F)	
Livermore, CA		(L)
Mendocino, CA		(L)
Reading, PA		(L)
Aurora, IL		(L)
Schuylkill, PA		(L)
Bay City, TX	(F)	
South San Francisco, CA	(F)	(L)
Pleasantown, CA	(F)	(L)
Bay St. Louis, MISS	(F)	
Pottsville,VA	(F)	
Shellman, ALAB		(L)
Caruthersville, Region VII	(F)	(L)
Antlers, Region VI		(L)
Allentown, Region III		(L)
Mississippi Regional	(F)	(L)
Lackawanna, Region III		(L)
Picayune, Region IV	(F)	
Philadelphia, Region III		(L)
Savannah, Region IV	(F)	
New Orleans, Region Vi		(L)
Corpus Christi, Region VI	(F)	(L)
Orange, Region VI	(F)	
Pasco County, Region IV		(L)
Beaumont, Region VI		(L)
Galveston, Region VI	(F)	
Guthrie, Region VI		(L)
Stillwater, Region VI		(L)
Tipton, REgion VI		(L)
Springfield Metro. Region V		(L)
Rockford, Region V	(F)	
Bethlehem, Region V		(L)
New Bedford, Region I	(F)	
Baltimore, Region III		(L)
South Hutchinson, Region VII	(F)	(L)
Minneapolis, Region V		(L)
Marion County, Region V		(L)

(cont.)

St. Louis County, Region VII	(F)	
Baxley, Region IV		(L)
Brownwood, Region VI		(L)
City of York, Region III		(L)
Comer, Region IV	(F)	
Topeka, Region VII		(L)
Madera, Region IX	(F)	(L)
Benicia, Region IX	(F)	(L)
St. Louis, Region VII		(L)
Syracuse, Region II	(F)	(L)
Fort Lauderdale, Region IV		(L)
Jacksonville, Region IV	(F)	
Sarasota, Region IV		(L)
Adairsville, Region IV		(L)
Wilmington, Region III	(F)	
Buford, Region IV		(L)
Fort Worth, Region VI		(L)
Buchanan, Region IV		(L)
El Paso, Region VI		(L)
Weatherford, Region VI		(L)
Maud, Region VI		(L)

Approximately 17 PHAs have been granted waivers of both fire and liability coverage in order to join the Illinois pool.

Waivers have been applied for and are pending on the following PHAs:

Hialeah		(L)
Montgomery		(L)
Port Isabel		(L)
Chicago	(F)	
Brevard	(F)	
Alameda		(L)
Richmond	(F)	(L)
Roanoke	(F)	
Pahokee		(L)
Augusta	(F)	
Union Point		(L)
Greensboro		(L)
Lincolntown	(F)	

CLPHA

Council of Large Public Housing Authorities

May 2, 1986

Insurance problem of the Jersey City (NJ) PHA, and failure of HUD to provide backing to the PHA.

HUD is signing waivers to ACC requirements that PHAs have adequate property and liability insurance coverage. When HUD Asst. Sec. Lindquist described this "new HUD policy approach" in 1985, he told CLPHA representatives attending a meeting with him that HUD would "of course" have to help PHAs that got in trouble if they were sued and had no insurance coverage. Asst. Sec. Lindquist is no longer with HUD. The following is the kind of backing HUD is giving to a PHA that thought it was covered by insurance.

In light of this lack of support, it seems very difficult to assume that HUD would take a more supportive approach in the case where a PHA had gone bare based upon approval of a waiver of insurance requirements, signed by HUD. Caveat non-emptor.

In Jersey City, a child was hit on the head by a bicycle thrown from the 10th floor of one of the high-rise developments and suffered significant brain damage as the result. A major liability judgment against the Authority, in excess of three quarters of a million dollars, was upheld through Appeals by the Authority to the New Jersey Supreme Court. Since that time, the insurance company (Ambassador Insurance) has gone bankrupt, and the PHA has therefore been left without a source of funds to pay the judgment.

HUD has taken the position that it has no responsibility in any way to back, hold harmless or assist the PHA in this case. HUD also argues that it should not be a party to even discussing the issue with the Court, with an eye to settling on the final award. HUD has further taken the position that the PHA itself should not pay any money out of its own funds for this judgment, and instead should claim a governmental entity exemption. The PHA believes that in light of the fact that the New Jersey Supreme Court has upheld the judgment, some payment is inevitable, and that HUD's position is irresponsible.

The PHA is instituting a suit against Counsel for the insurance company for not notifying its clients that the insurance company's fiscal status was at least tenuous if not in serious jeopardy. HUD has told the PHA that it needs HUD's permission before it can go ahead and pursue any such legal action on its own. HUD's Regional Office has made no positive recommendations for actions or moving toward a solution, simply telling the PHA to do nothing and that HUD will do nothing, either. There is no claim that this is the policy coming from the HUD Central Office, only that these are the instructions of the HUD Regional Office.

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The possible award is now in the range of an excess of $1 million, due to interest since the date of the original judgment, which has now been upheld. The PHA says it has no way of paying this amount, and doesn't have the funds in any reserves it could use to pay. The amount is equal to about 10% of their annual operating expenses, and about 20% of their annual federal operating subsidy. If the PHA had to pay it, it would all have to come out of that part of the PHA's budget which does not represent fixed costs. The PHA is arguing in Court that this would cause irreparable harm to its other functions. The PHA is also seeking a variety of alternative solutions, including amendments to state legislation that would provide assistance to those put in jeopardy as a result of the insurance company's bankruptcy.

These prudent actions on the part of the PHA in seeking a solution, however, have no bearing on the fact that HUD's position in telling the PHA simply "don't do anything" is clearly unreasonable in light of the current situation and the Supreme Court's decision.

Other PHAs that are going bare with HUD's approval might wish to think about this. It clearly could happen to you, too.

C-1

CLPHA

Council of Large Public Housing Authorities

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PUBLIC HOUSING CURRENT CONCERNS - APPROPRIATIONS, DEFERRALS AND BUDGET

Background

Public housing shelters 4 million of the nation's poorest families and elderly persons. Administered by over 3,200 local public housing authorities, its 1.4 million units, 45% of which are for the elderly, make up both the largest elderly and the largest family housing programs in the country.

Current eligibility for admission is 50% of local median income, with some exceptions; average income of the tenants is about $5,800/household.

Basic Appropriations Needs for FY87

1. Operating Subsidies of $1.48 Billion.

The Housing Act of 1937 limits rents to "ability to pay," increased in 1981 to 30% of adjusted income[1] and directs HUD to provide operating subsidies for the balance of operating expenses; these subsidies are based upon a regulatory formula known as the Performance Funding System (PFS), which is calculated on the costs of efficient performance. Rents cover only 55% of expenses for most large PHAs; operating subsidies are needed for the balance. PHAs have no other significant source of income.

Operating subsidies have increased on average only 2.5% per year from FY81 through FY85. Additional funds are needed in FY87 over inflation to meet drastic

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[1] 24.8% of income is what unsubsidized purchasers pay to buy median price existing housing, as of January 1986, according to the National Association of Realtors; such persons' net housing costs are really a lower percentage of income when income tax deductions for mortgage interest and taxes are reflected.

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increases in insurance premiums for liability and casualty insurance. Congress must specially provide these funds because HUD has refused to reflect them in the PFS formula. (HUD's FY86 Budget would only fund 88% of the amount required by the Performance Funding System, let alone ignore the $80 to $100 million in increased premiums.)

Attached hereto as Appendix A is a detailed accounting of FY87 operating subsidy needs.

2. Comprehensive Improvement Assistance Program (also known as CIAP or "modernization") of $1.6 Billion Minimum but $2.5 Billion Needed.

CIAP funds are essential to protect the $70 billion public housing stock, restore vacancies to occupancy and give tenants minimally decent shelter. Many public housing projects were erected in the '40s and '50s and are deteriorated, obsolete and excessively dense by current standards. CIAP is the only source of capital funds to correct these conditions. The backlog need is unofficially estimated to be at least $10 billion ($20 billion in budget authority under current financing methods). In recent years, appropriations have averaged $1.75 billion, flattening to $1.5 billion in FY85. A "current services" level would be about $1.6 billion.

The results of a Congressionally-mandated study of the total costs of modernizing the public housing stock should be released by mid-year. Undoubtedly, it will show that the current level of appropriations for CIAP is inadequate for meaningful progress. CLPHA urges that Congress begin in FY87 to build to the needed level, by providing $2.5 billion in appropriations (the level of FY83); even at the cost of reducing the development program somewhat.

The 1986 Appropriations Act allowed up to 20% of the development funds to be used for reconstruction of obsolete projects.

Since public housing development has been cut to a trickle, focus should be on preserving and restoring what's there.

(HUD officials disingenuously contend there is a backlog of CIAP monies unspent by PHAs; not so; most of the funds referred to by HUD are recent appropriations, either not allocated or allocated late to PHAs. For example, HUD has not even started the application process for FY86 funds; funds for all prior years were not provided until the end of the fiscal year and then, because of processing requirements, 2 to 3 years ensue before actual work in in place. Last year HUD recaptured only $11.2 million from PHAs of so-called unused mod funds out of more than $6 billion in appropriations and one-half of it came from one PHA.)

3. Development of 5,000 Units.

Demand for public housing is at a record high. Waiting lists now frequently equal or exceed the total number of an authority's units; for the elderly, the waiting period usually exceeds their life expectancy.

The FY86 Appropriations Act allows for new construction or substantial rehabilitation of 5,000 additional public housing units, a pittance compared to the pre-Reagan level of 25,000 to 35,000 units; also, as noted above, up to 20% of these funds are available for reconstruction of existing obsolete projects, too costly for the use of CIAP funds. In addition to current demand, these development monies are needed to replace high-rise buildings with less dense low-rise structures and units removed from the stock by sale to tenants or otherwise.

We urge continuation of approximately the same program level and emphasis, with the shift of some funds to augment CIAP.

Rejection of Proposed FY86 Rescissions and Deferrals

The Reagan budget proposes over $9 billion in rescissions of which over half are at HUD. The major rescission would greatly reduce and recast the 97,000 assisted housing units provided by the Congress in the FY86 Appropriations Act; those appropriations, just enacted November 25, 1985, were provided only after considerable cuts in the process of adoption - to say nothing of the 66% cut in budget authority for assisted housing since 1981.

The rescission would eliminate approximately $4 billion in budget authority for assisted housing and an estimated 47,000 units of conventional public housing, 202 housing for the elderly and Section 8 Existing and Moderate Rehab and approximately $800 million in CIAP. The Administration proposal would transform the FY86 program - and the nation's housing efforts - into 50,000 short-term housing vouchers. Vouchers, as you probably know, is still considered by Congress to be an experimental, not an established program; no results of the experiment have yet been provided by HUD.

In addition, over $2.4 billion would be deferred into FY86, including $225 million of CIAP funds, with the aim of avoiding any FY87 appropriations for assisted housing.

The impact of these actions for public housing would be the elimination of modernization activities in FY86 and FY87, with funding only for emergency repairs up to $225 million in each year and total elimination of the development program.

The Urgent Supplemental Appropriations bill, H.R. 4515, formerly designated H.R. 4380, Report No. 99-510, contains a rejection of these deferrals, at the recommendation of the House Appropriations Subcommittee on HUD-Independent Agencies. We strongly urge your support for this action in the House, and, in due course, in the Senate

The rescissions, unless approved by Congress in the meantime, will expire on or about April 15.

Senate FY87 Budget Resolution

The FY87 Budget Resolution as reported out by the Senate Budget Committee provides: (a) a "discretionary freeze" for the operating subsidy at the FY86 level of $1.360 billion; (b) a freeze of the CIAP or modernization funding at the FY86 post-sequester level to be funded by capital grants; capital grants involve approximately half the budget authority as do the present systems of tax-exempt or Treasury borrowing for the same program level, so that the Senate Budget resolution calls for a $705 million capital grant for CIAP, which is equivalent in the program activity to the FY86 $1.45 billion post-sequester appropriations; (c) the overall assisted housing account - public housing development, existing and moderate rehab Section 8, 202 for the elderly and vouchers - would be reduced by 25%, with a hold harmless for the 202 elderly program at the current unit level.

The House Budget Committee is expected to provide a current services level for the assisted housing programs, which is the position that CLPHA urges.

General Comment

No programs in the American budget have been cut so severely since 1981 as assisted housing - almost two-thirds and, were the rescissions and deferrals approved, over 90%.

Almost as devastating, the Administration has assaulted public housing and companion programs through hostile regulation, funding delays and illegal procedures, as well as attempting to replace workable and acceptable programs, such as the Section 8 Existing and Moderate Rehab program, with untested and undesired efforts, such as the voucher.

The oft heard "everyone has to bear his share of the cuts" is too simple a reading. In making cuts, the experience of programs since 1981 should be considered.

CLPHA urges Congress to preserve the public investment in decent shelter by rejecting the Administration's "savings" as too costly in human and financial terms.

Gordon Cavanaugh

Gordon Cavanaugh

GC/mw

CLPHA FY87 Recommended Operating Subsidy Calculated on HUD Data

Basic PFS Requirements for FY87	
•Basic PFS, plus subsidies for non-PFS authorities,* plus additional income from increase in rent/income ratio (OBRA '81) and from changed adjustments to income (HU-R RA '83), plus savings from vacancy rule implementation. This is HUD's calculation; CLPHA accepts it.	$1,440.9 million
•Savings from rolling base for utilities (i.e. reduction in energy costs due to conservation produced by modernization**; HUD's figure is $68.8; the FY86 estimate is $37.5 million):	-41.0 million $1.400.0 billion (roundec
Insurance premium shortfall*** (i.e. the estimated extra costs above those in the PFS formula; extensive back-up data for this estimate is available from CLPHA:	+80.0 million
CLPHA estimate of FY87 Operating Subsidy Need:	$1.480.0 billion
Appropriation Needed:	
FY87 Need	$1,480.0 million
Carryover from FY86 (Estimated)	61.0 million
New Appropriation of: (Payments for the Operation of Low-Income Housing Projects)	$1.419.0 billion

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[NOT INCLUDED: $20 to $30 million in recaptured operating subsidies which HUD may be required to disgorge as a result of litigation pending against HUD, in which CLPHA and 22 housing authorities are plaintiffs.]

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* There are 13 PHAs, not on the U.S. mainland, whose operating subsidies are determined by budget review rather than the PFS.

** A SUCCESS STORY: HUD estimates that as a result of CIAP modernizations, started by PHAs in FY82, utilitity expenses will be $133 million lower in FY86 than otherwise would have been projected! These savings will continue to mount as CIAP work continues.

***These funds must be earmarked in the appropriations bill or HUD directed to adjust PFS formula to reflect this change in the operating costs of public housing.

Mr. **Green**. On the insurance issue, has either CLPHA or NAHRO looked into the possibility of setting up some captive insurance company that other industry groups have?

Mr. **Wuenschel**. Yes. I am not sure where NAHRO is. CLPHA has engaged an insurance consultant to look at that. We are running figures, obtaining figures from our member authorities to see what kind of a risk pool or captive—what kind of sense that would make for us. I think that is probably a wise thing for us to look at.

I don't think that excuses HUD for just basically playing ostrich in this matter. I would have to say we are not really as equipped housing authorities to deal with this problem, but in light of HUD's inaction, we have had to try to deal with it and we are.

Mr. **Green**. Mrs. Boggs?

Mrs. **Boggs**. Thank you very much for your testimony.

I was going to ask an insurance question, as well. New Orleans is one of the housing authorities that has been relieved of its responsibilities, so we are searching for ways to address that difficulty.

Mr. **Wuenschel**. I think it is so dangerous. What happens to a housing authority which is bare when there is some kind of catastrophic loss or lawsuit? HUD has already said the PHA will have to get the money from somewhere. The reserves, as you know, of most large public housing authorities cannot sustain a lawsuit or award in the millions of dollars or even several thousands of dollars.

Without something happening, I think we can see public housing authorities going under. I can't imagine any large corporation or any large real estate holding going bare without insurance.

It is just foolish.

Mrs. **Boggs**. Thank you.

Mr. **Mollohan**. No questions.

Mr. **Green**. Mr. Coughlin?

Mr. **Coughlin**. I appreciate your thorough testimony. It certainly highlights some of the problems we have on this Committee.

Thank you very much.

Mr. **Mollohan**. I want to thank the witness for his testimony which was informative, for me, a new Member of the Committee.

Mrs. **Boggs**. He is our brand new Member, and we are very proud to have him.

Mr. **Green**. Thank you very much.

HOUSING AND URBAN DEVELOPMENT

WITNESS

CHARLES L. EDSON, COUNSEL, NATIONAL LEASED HOUSING ASSOCIATION

Mr. **Boland**. Mr. Charles Edson. We will put your full statement in the record.

Mr. **Edson**. Good morning, Mr. Chairman. I will proceed briefly.

For the record, I am Charles Edson, Counsel for the National Leased Housing Association on whose behalf I appear here today.

I am an attorney with the firm of Lane and Edson. In our prepared testimony we commend this Committee for the standard it is taking on the deferral and on your proposed appropriation for the next fiscal year.

I think in a time of financial stringency, you are doing all you can do to keep us afloat. Indeed, we who are in the housing field feel very battered and shell-shocked by what is going on right now.

Several of us were walking the halls yesterday in the Senate Finance Committee to find they passed a tax credit for low income housing that they would not allow to be used with any low income housing program such as Section 515, moderate rehab, or Section 8, existing, which to us was just absolutely shocking.

An amendment to rectify that situation failed in closed session around 11:30 last night. So it is great to be among friends. Someone said that even a paranoid has enemies and some in the housing field today I think are paranoid with real enemies.

We have suffered total cuts of about 80 percent since 1981. We feel we have given not only at the office, but at home as well, and enough is enough. On the deferrals, I think the important point, I know this Committee has noted it, is not only that the funding be restored but in the manner that you appropriated it last year for various programs. Don't let it all go to vouchers.

This is sort of a line item veto run right in what the Administration is attempting to do. I would like to discuss administrative fees because it is a matter of such import to our members representing the housing authorities to administer that program.

You certainly need good fees to provide. The HUD budget and regulatory rule making proposed a 14.38 percent reduction in the administrative fees for the program. The Administration, in its budget and in its legislation, would allow the local communities the opportunity, very euphemistic word, to pay one-half of the fees.

It reminds of the old Abe Lincoln story of the guy who was tarred and feathered and ridden out of town on a rail. But for the honor, it was just a noon walk.

But for the honor of this opportunity of paying these fees, we would just as soon continue as it is now. HUD quickly charges that PHAs received too much in administrative fees and are cutting these fees regardless of impact.

Last year HUD was instructed to establish an appeals process by which individual PHAs could analyze the impact of the fiscal year 1986 ten percent fee cut and appeal for partial or full restoration but in its 1987 budget book, HUD dismisses its concern, announces further cuts, and says the appeals process contemplated no longer is feasible and is not being implemented.

We don't think that is fair. The Section 8 existing program is a good program. Millions of people are starting to rely on it, and after a year of effort at every level of Government, from this Committee down to the smallest public housing authority, this program works well, and by arbitrarily cutting the fees of the agencies that administer it, that will ensure it does not work well.

Again, let me say most sincerely, heartfelt thanks to each and every one of you; thanks for the efforts you are doing to keep what remnants we have of low income housing assistance alive.

Thank you.

[The statement of Mr. Edson follows:]

National Leased Housing Association
serving America's rental housing needs
NLHA

2300 M STREET, N.W. / SUITE 260 / WASHINGTON, D.C. 20037 / (202) 785-8888

TESTIMONY OF

CHARLES L. EDSON, COUNSEL

NATIONAL LEASED HOUSING ASSOCIATION

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

HOUSE APPROPRIATIONS COMMITTEE

MAY 7, 1986

FY87 DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT BUDGET FOR
LOW AND MODERATE INCOME MULTIFAMILY
RENTAL HOUSING

National Leased Housing Association
serving Americas rental housing needs
NLHA

2300 M STREET, N.W. / SUITE 260 / WASHINGTON, D.C. 20037 / (202) 785-8888

My name is Charles L. Edson. I am a member of the Washington D.C. law firm Lane and Edson, P.C., and Counsel to the National Leased Housing Association on whose behalf I am testifying today.

The National Leased Housing Association represents more than 750 member organizations involved in multifamily rental housing - - public housing authorities, developers, managers, non-profits, financiers and syndicators. All of our members share an overriding concern for the provision of affordable rental housing for low and moderate income Americans. It is this concern which brings us before you today.

Our primary purpose here today is to urge this Committee to fund assisted housing in FY87 at a current services level. We must also take this opportunity to applaud this Committee for your steadfast rejection of the Administration's proposed deferral of FY86 funding.

As you are well aware, Administration's FY87 budget proposal asks for a rescission of $4.8 billion of FY86 housing funds along with a deferral of an additional $2.3 billion. The Congress has wisely chosen not to approve the assisted housing rescissions and we ask that the members of this Committee continue to support H.R. 4515, the FY86 Urgent Supplemental Appropriation bill, which contains language inserted by this Committee to overturn the funding deferral. NLHA agrees wholeheartedly with your assessment, as contained in report language to H.R. 4515, where you state that the Committee "does not believe that the deferral or rescission of budget authority constituting 70 percent of the 1986 appropriation for subsidized housing is either fair or equitable." The report continues that "this use of a deferral mechanism has distorted the 1986 budget in that it is being used to change the purpose and the character of the appropriations for assisted housing."

Since 1981 budget authority for assisted housing programs has been cut by 66 percent. Total cuts would have been increased to 80 percent had the Administration's FY87 budget plan been automatically adopted. While all programs have been subject to cuts to meet Gramm-Rudman spending levels, we can not emphasize too strongly that assisted housing has already taken its fair share, and more, of budget reductions. On the eve of the 50th anniversary of the U.S. Housing Act of 1937 we must remember our nation's commitment to assist in the housing of low income Americans.

The National Leased Housing Association supports funding in FY87 at a current services level. We must take this opportunity to stress not only the importance of maintaining the dollar funding level, but also the programs targeted for funding. We urge continued support for those programs funded in FY86: the Section 202 program for the elderly and handicapped, the moderate rehabilitation program, public and Indian housing units, the housing development grant program, and the Section 8 existing housing program. The Administration's proposal would transfer the entire federal commitment to low income housing to its own housing voucher concept - a program which is still by statute an experimental one. The Department of Housing and Urban Development has been asked for two years now to submit to the Congress a report on the demonstration voucher experience but has yet to do so. To continue to add incremental units to a program which has never been authorized is certainly a distortion of legislative authority.

The National Leased Housing Association has long been on record as opposing the conversion to a full voucher program. While the debate continues over the need for increasing the supply of rental housing stock in this country, NLHA continues to maintain the position that there is indeed a shortage of affordable rental housing for low and moderate income families. To meet this end NLHA endorses, as we have in the past, the continuation of the successful Section 8 existing housing program. The Section 8 existing program has proven to be the most cost effective and efficient housing program in the history of government assisted housing.

Administrative Fees

It must be recognized that in order for the Section 8 existing program to continue its effective functioning that the administrative fee structure, so essential for program performance, cannot be tampered with.

This year, as part of its FY87 budget, HUD proposes through regulatory rulemaking a further 14.38 percent reduction in administrative fees for the Section 8 certificate program. HUD is also preparing legislation that would drop one-half of the federal government's responsibility for administrative fee costs, providing state and local governments with the "opportunity" to pay for the administration of millions of Section 8 certificates and vouchers.

These cuts will decimate PHA staff services, delete program reserves, and undermine the fiscal stability of hundreds of public housing authorities responsible for thousands of assisted units.

HUD is quick to charge that PHAs receive too much in administrative fees and quicker yet to pursue every means possible to cut these fees, regardless of the impact of these fee cuts on Section 8 program administration. Last year HUD was instructed to establish an appeals process by which individual PHAs could analyze the impact of the FY86 10 percent fee cut and appeal for partial or full restoration. In its FY87 budget book HUD dismisses this concern, announces further cuts, finally stating, "the appeals process contemplated . . . no longer is feasible and is not being implemented." This is just not right. The Section 8 existing program is the main delivery system of housing assistance for millions of low income families. After years of effort at every level of government, from this Committee down to the smallest public housing authority, this program is on line and working well. HUD's arbitrary fee cutting actions, its refusal to establish an appeals and fee restoration process as instructed by Congress, and its attempt to legislatively shirk half its fiscal responsibility for underwriting this program are unwarranted actions being taken to dismantle this essential program that houses millions of low income Americans.

This committee must not permit HUD to undermine 15 years of successful local program development through fiscal and administrative sabatoge at the federal level. We respectfully request that you insist that HUD immediately establish a legitimate appeals procedure and we urge you to deny HUD's planned FY87 fee cut for the Section 8 existing certificate program. This is the only fair and legitimate course to protect our committment to effective continuance of this vital housing assistance program.

Thank you for your time and consideration of these issues.

Mr. **Green**. Thank you.

Mrs. Boggs.

Mrs. **Boggs**. Thank you so much.

It's always good to see you, and to know you are still in there battling as you have for a very long time. We rely on you a great deal.

Mr. **Edson**. I always recall it is now 12 years ago since 1974 when you were so active in getting our great Housing Act together, so thank you for your continued concern in this, Mrs. Boggs.

Mrs. **Boggs**. Thank you.

Mr. **Green**. Mr. Coughlin.

Mr. **Coughlin**. Thank you. It is good to see you again. We appreciate your support.

Mr. **Green**. Thank you.

HOUSING AND URBAN DEVELOPMENT

WITNESS

WARREN LASKO, EXECUTIVE VICE PRESIDENT, MORTGAGE BANKERS ASSOCIATION OF AMERICA

Mr. **Lasko**. Mr. Green, other Members of the Subcommittee, my name is Warren Lasko, I am the Executive Vice President of the Mortgage Bankers Association of America.

I am going to talk briefly this morning, about the unsubsidized portions of the HUD budget, mainly FHA and GNMA, which represent about half of the staffing and a very significant part of the HUD budget. I will also briefly refer to VA.

I am really going to talk just about one thing, if I may, and that is the credit limits. I thought if we focused a few minutes on one issue of rather deep concern to us in the housing community, we might be able to make some constructive and targetted suggestions.

Let me by way of some background, tell you what is going on in the housing markets right now. The housing markets are exuberant. We have rolled back eight years of mortgage interest rate history.

We have seen interest rates drop from about 13 percent a year ago to single digit, 9.5 percent now, and the results are almost nothing but good.

Home buyers are just pouring out of the woodwork to buy new homes, to buy existing homes and very, very importantly to us, to refinance outstanding mortgages. As I say, that is very good.

The problem from this stampede is that it is running right up against the credit limits on the FHA, VA and GNMA programs. The pressure on those ceilings is enormous and already three times this year Congress has had to come to the rescue of, first VA, then last week, of FHA and GNMA.

I think something we have learned about credit ceilings is while they are there to impose an understandable constraint on Federal credit activity, they are superimposed on what are essentially demand-type programs.

So you get an inconsistency there. The bottom line is that the credit ceilings don't work, not that they are not understandable. What is more, and rather than giving you the whole story on that, I will give you the bottom line. There are paradoxes built into those credit ceilings; the result of having them kick in right now is that hundreds of thousands of families who should be getting a reduction through a refinancing of their FHA and VA loan aren't getting it or didn't get it.

FHA has been put back in business. But when FHA was shut down, the numbers are staggering, 10,000 families a day got backed up and couldn't submit FHA applications. So the credit ceilings are preventing refinancing just when you would think it makes sense to have them.

The other irony is that there is usually a beneficiary of even things that are bad, and the beneficiaries of the credit ceilings here are the investors holding the GNMA securities who, because the loans can't be refinanced, get to hold onto 12 percent and 13 percent GNMAs at a time when everybody else is satisfied with eight and nine percent Government securities It is a paradox and we think it is wrong.

Once more, the refinancing, which constitute 50 to 70 percent of all FHA and VA lending going on, is not using additional credit; it is obviously just rolling over outstanding credit. But by the accounting methods employed, it counts against the credit ceilings.

So naturally we applaud Congress putting FHA back in business last week and for increasing the GNMA ceiling. For FHA, which you have increased only until June 6, we urge that you consider this—here is the first constructive suggestion we make.

Rather than having to shut down every 30 or 40 days, we urge you to seriously consider a two-year extension of FHA authority. If not right now, when it comes to next year's regular authorization, would you please consider a two year authorization so we can get on with more useful things. For 1987, which you are considering in terms of a ceiling, because the refinancings are going to continue into next year, we urge at least a hundred billion dollar ceiling.

Again, those sound like staggering numbers. It is only a rolling over of eight years worth of FHA history. We urge you not to adopt any of the Administration's proposed restrictions on FHA: the higher user fees, the inability to finance the mortgage insurance premium, and the $40,000 income limit.

VA, I will note just briefly, is also going to need a higher credit ceiling shortly again. The Senate recently passed a figure, about $30 billion, and that is a number VA itself came up with, and we urge you to consider that same figure when it comes before you.

I would like to take a moment further on GNMA. GNMA securities, as you know, are there to finance FHA and VA loans, not conventional loans. We again appreciate the fact that you raised their limit recently to $126 billion, which should get them through the year.

GNMA shut down for a three week period and I should hasten to add—they are not yet back in business. Even though you have given GNMA additional credit authority, GNMA is still today considering—I believe this would be against Congress' will—imposing new administratively imposed fees for that higher credit limit you just gave them.

They are looking for ways to auction off GNMA commitments or to some way generate revenue for HUD which we would utilize a user fee or housing tax before they allocate some of that increased credit limit. We found it particularly difficult to persuade GNMA and OMB as to the need for the higher GNMA limit.

GNMA is particularly hard to explain because it is a secondary mortgage program. Here again, we very respectfully suggest what we hope are some constructive thoughts with respect to the GNMA ceiling.

We would first urge, I know this sounds self-serving, but as a former GNMA employee myself I would also say I think it makes sense—that there not be a separate GNMA ceiling. If there is already a FHA and a VA ceiling, those place automatic limits, or an outside limit, on the amount of GNMA business that will be done anyway. So the first argument I would make is there really isn't a need for a separate GNMA ceiling.

If we couldn't persuade you to do that, we would suggest as a second logical, and hopefully you would agree, constructive possibility, that you make the GNMA ceiling the simple sum of the FHA and VA ceilings. Again, if the Congress sees its way clear to authorizing certain levels or appropriating, if you will, credit limits for FHA and VA, why not then automatically make the GNMA ceiling the sum of those two, since GNMA is there to finance that?

If that isn't convincing, as a third possibility we would suggest again maybe a two-year ceiling or something that gives the home buying public, the lending community, the investing community, not to mention trade associations, some breathing room between the monthly adjustments we have to focus on.

There is one more real concern I would like to bring to your attention. It is not in our prepared remarks but it is something that has come to our attention recently, and that is the staffing levels at FHA, VA and GNMA.

Staffing and internal operations are major problems, not just for the Government agencies, but for every lender trying to make loans these days. We understand that and can cope with it.

There are bottlenecks that range from appraisers to closers to termite inspectors, but when it gets to the Government agencies, it is compounded by, frankly, inadequate compensation for skilled underwriters.

Underwriters are leaving VA and FHA for jobs in the private sector which can pay more. The agencies are not paying overtime. They are not filling vacancies.

Within FHA there is, perhaps within the next year, the possible retirement of about 50 percent of their senior staff managers just because of the attractions of retirement these days, as compared with Government service.

I once managed a San Diego field office for HUD. The median age of that staff was 55. That is manageable if, on the other hand, you have recruitment programs and training programs for young people, but HUD doesn't. It is sad, and it is a back door way to undermine those programs.

So in conclusion, we would urge you in Congress to not let the programs be decimated by OMB's purposeful refusal to adequately staff and manage those vital housing programs.

Thanks a lot.

[The statement of Mr. Lasko follows:]

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Mortgage Bankers Association of America

STATEMENT OF

WARREN LASKO

EXECUTIVE VICE PRESIDENT

of the

MORTGAGE BANKERS ASSOCIATION OF AMERICA

before the

SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES

of the

COMMITTEE ON APPROPRIATIONS

of the

UNITED STATES HOUSE OF REPRESENTATIVES

Hearings on

Fiscal Year 1987 Appropriations for the
Department of Housing and Urban Development
and for the Veterans Administration

May 7, 1986

Mr. Chairman and members of the Subcommittee, my name is Warren Lasko. I am Executive Vice President of the Mortgage Bankers Association of America. Accompanying me today are Burton C. Wood, MBA's Legislative Counsel, and Brian D. Cooney, MBA's Associate Legislative Counsel.

We appreciate the opportunity to appear before you today to testify on the appropriations for the Department of Housing and Urban Development (HUD) for fiscal year (FY) 1987. We will discuss three issues. First is the necessity of establishing sufficiently high credit budget limits for the non-subsidized, user-fee supported Federal Housing Administration (FHA) mortgage insurance program; the need for sufficiently high guaranty authority for the Veterans Administration (VA) entitlement-based Home Loan Guaranty Program; and the need to provide the Government National Mortgage Association (GNMA) mortgage-backed securities (MBS) program with adequate guaranty authority. Second, MBA wishes to voice its strong opposition to any program restrictions as the "price" to pay for increased credit limits. Third, in light of the situation that has developed during the past few months, MBA is pleased that recently enacted legislation, P.L. 99-289, the "FHA and GNMA Credit Commitment Assistance Act of 1986," requires HUD to notify Congress with respect to volume, pace of activity, and estimated time remaining before FHA and GNMA ceilings are reached.

OVERVIEW OF CURRENT HOUSING MARKET ACTIVITIES

As mortgage rates have descended into single digits for the first time in eight years, we are witnessing a turning back of the clock on mortgage market history. Lower interest rates have unleashed an unprecedented avalanche of activity in the housing markets, as families are stampeding lenders for the refinancing of high-rate loans made over the past eight years, and for loans to purchase homes. Mortgage refinancing, which currently accounts for about half of originations, is a healthy phenomenon for four reasons. First, consumers enjoy more discretionary income due to their lower mortgage payments; second, lenders are faced with lower delinquencies and foreclosures on mortgage loans they originate or hold; third, the government's exposure to the risk of loss on FHA and VA loans is reduced; and fourth, the national economy benefits as a result of consumers spending their increased discretionary income dollars. Refinancings do not add to the amount of federally guaranteed debt outstanding; they merely constitute a rolling over of existing debt at lower interest rates.

But the good news has a down side to it. As a result of the current activity, the pressure on the ceiling levels is greater than ever. The VA Home Loan Guaranty Program required an increase in its volume limit to $17.4 billion in March in order to avert a program shutdown, and most likely will require a further increase in the near future. On April 29, 1986, the FHA reached its $57.4 billion credit ceiling and was forced to shut down, as did GNMA when it reached its $65.3 billion ceiling on April 4, 1986. P.L. 99-289, enacted into law on May 2, 1986, raised the FHA ceiling by $17 billion, from $57.4 billion to $74.4 billion for FY 1986, and raised the GNMA credit ceiling to $126 billion for FY 1986.

These credit ceilings pose a dilemma in that they are intended as constraints on programs strongly driven by consumer demand. Restrictive credit ceilings on the government's housing-related programs do not work. If there was ever any doubt, the events of the past few months have amply demonstrated that fact. These legislatively imposed ceilings wreak havoc on a marketplace strongly driven by consumer demand and as a result are creating bad fiscal and economic policy. In this period of large deficits and budget constraints, the housing programs are bringing in money, and lots of it, to the U.S. Treasury. The Senate budget resolution for FY 1987 estimates $750 million in additional revenue from the FHA up-front premium during that year. Yet, the credit limits on the FHA, VA, and GNMA programs deprive the Treasury of additional program earnings, and most importantly prevent FHA and VA homeowners from saving hundreds of dollars in monthly mortgage payments due to their inability to refinance their high-rate mortgage loans. The only beneficiaries in this anomalous course of events are the investors in GNMA-MBSs who continue to receive the high yields which are tied to underlying high-rate mortgage loans. Housing is the one clear, bright spot on the economic horizon. Yet credit ceilings could well throttle this most promising engine of economic expansion.

An additional concern, if we are to preserve an adequate and affordable supply of mortgage credit, is the Administration's FY 1987 budget proposal to impose so-called new or increased "user fees" on the home mortgage insurance and guaranty programs of FHA, VA, GNMA, the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC). MBA strongly opposes the imposition of these additional user taxes because the purpose of these fees is not for program use but to generate net income for the U.S. Treasury. MBA strongly supports efforts to reduce the deficit. To this end, we have supported spending cuts wherever possible, stressing that all programs, including Social Security, defense, and cost of living adjustments (COLAs) should bear a fair share of necessary cuts. If these are not sufficient to accomplish deficit reduction, Congress should be prepared to increase taxes, but such increases should be broad-based and not focused on any one sector of the economy.

FEDERAL HOUSING ADMINISTRATION

MBA urges the adoption of an FHA credit ceiling of at least $115 billion for FY 1986 and an extension of FHA insuring authority through the remainder of the fiscal year. We also urge the adoption of an FHA credit ceiling of at least $100 billion for FY 1987.

As noted, FHA reached its credit ceiling of $57.4 billion in commitment authority on April 29, 1986. In addition, FHA's insurance authority lapsed on that date. As a result of this double blow, many lenders did not accept new FHA insurance applications, or assign new case numbers or appraisers. MBA estimates that this situation prevented approximately 10,000 Americans a day from applying for FHA mortgage insurance, either for refinancings or for new home purchases. This is in addition to the 50,000 families whose applications were already backlogged.

While MBA applauds Congress' expedient action in approving P.L. 99-289, we believe the bill does not go far enough. With respect to the FHA program, this legislation extends FHA's insurance authority until June 6, 1986, and, as noted earlier, provides an increase in its credit ceiling of $17 billion, from $57.4 billion to $74.4 billion. The increase in the credit ceiling to $74.4 billion is grossly inadequate to accommodate present and projected future activity levels, and may in fact be reached before the end of this month. MBA therefore respectfully requests Congress to act expeditiously in raising the FHA credit ceiling to at least $115 billion for FY 1986, and in extending FHA insuring authority through the end of this fiscal year.

For FY 1987, MBA estimates that the FHA program will experience continued strong consumer demand for the following reasons. First, interest rates are expected to remain at the present affordable levels in the 9.5 percent range. MBA estimates that continued consumer demand will facilitate between 1.7 million and 1.8 million in housing starts in calendar year 1987. Second, FNMA and private mortgage insurers have tightened their underwriting guidelines, which has resulted in more consumer demand for the FHA product. FHA has always served the riskier borrower population, but because it carries a higher mortgage insurance premium (MIP) it has, nonetheless, been actuarially sound. Third, the FHA Adjustable Rate Mortgage (ARM) program has been highly successful. The FHA-ARM, with its consumer protective interest rate caps of no more than 1 percent per year and 5 percent over the lifetime of a loan, has caused significant borrower demand. MBA therefore urges the adoption of a credit ceiling of at least $100 billion for FY 1987.

In addition to the imposition of additional user fees as noted above, the Administration has proposed to eliminate the provisions in current law that allow FHA borrowers to finance the up-front MIP and closing costs, and would establish an income limitation of $40,000 per year for FHA borrowers. The effect of these FHA proposals would raise the cost of participating in the program, while simultaneously limiting participation to those least able to afford the "new" program.

By itself, the proposal to limit the financing of the up-front MIP and closing costs is enough to cripple the program. Such a prohibition effectively doubles the minimum downpayment that borrowers now make, thus eliminating one of the key advantages that the FHA program offers moderate- and middle-income homebuyers.

With respect to the proposed $40,000 income limitation for FHA-insured borrowers, nearly one third of the people who used the program in 1985 would not have been eligible under this income limitation. Further, this income limit discriminates against borrowers in high-cost areas where an income above the proposed limit is necessary even to qualify for a high-cost area loan.

Currently, in order to keep risks and fees at a reasonable level, the program is open to all families so that the risks inherent in the FHA program are spread over a large number of persons with varying degrees of financial capability, rather than being concentrated on a smaller number of less financially secure persons. Without this broader degree of risk-sharing, the fees would have to be raised beyond the point of affordability in order to cover losses.

MBA urges Congress not to adopt any of the Administration's proposed FHA program changes.

Another area of concern is the inadequacy of current FHA staffing levels. The current high volume of loan activity is placing tremendous pressures on FHA's staff, which is now operating at less than full capacity due to vacancies that are not being filled.

Not only are all administrative costs including salaries for the homeownership programs covered by user-paid premiums, but, further, lenders have already assumed a large portion of FHA's processing tasks. Approximately 85 percent of FHA's loan volume is currently being processed by direct endorsement lenders. Therefore, FHA's function is to provide processing for a small percentage of cases and to review and audit closed loans. However, should further staff cuts be implemented in addition to Gramm-Rudman sequestration cuts in administrative costs, FHA's function of reviewing loan cases to determine whether FHA requirements are being satisfied would be seriously jeopardized. Such staff reductions would prove to be particularly detrimental to the FHA program during high volume cycles such as the current one.

MBA believes it would be counterproductive to allow further cuts in FHA personnel where staff reduction will decrease efficiency and could undermine the quality of FHA loans.

VETERANS ADMINISTRATION

In past years, the VA Home Loan Guaranty Program has been treated as an entitlement program. It was not designed to be actuarially sound and has not been subject to appropriated credit authority ceilings. However, while Gramm-Rudman generally continues this status for VA, the General Accounting Office (GAO) applied sequestration to the program for FY 1986. The question of whether GAO's interpretation that sequestration applied to the VA Home Loan Guaranty Program is correct or not has not been addressed by Congress, but for FY 1986, the VA indicated that it would abide by the sequestration cut, and that it would likely shut the program down by the end of March. Congress provided relief by passing HR 4130 (P.L 99-255) in time to avert the impending shutdown, but the continued wave of refinancings apparently will prove the $17.4 billion ceiling in P.L. 99-255 to be inadequate for FY 1986.

On April 28, the VA estimated that $30.9 billion in guaranty authority would be needed for FY 1986. Because of the continuing demands placed on the program due to the high level of refinancings and new loan activity, MBA believes the VA estimate for FY 1986 is accurate and that a similar, if slightly smaller amount of VA activity will be needed in FY 1987.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

MBA supports the increase in the GNMA-MBS credit ceiling of $126 billion for FY 1986 as provided in P.L. 99-289, and urges that a comparable level be adopted for FY 1987.

The GNMA-MBS program provides a means for homebuyers, primarily moderate- to middle-income families and veterans, to obtain competitive access to the capital markets via the secondary mortgage market. Because the GNMA-MBS is a secondary guaranty program, any restriction on the GNMA-MBS program is a back-door attack on the underlying FHA and VA primary loan programs because such restriction would limit the activity levels of these programs.

As noted, on April 4, 1986, GNMA announced that it had reached its FY 1986 credit limit of $65.3 billion and on that date, the GNMA program shut down. As a result, some lenders stopped originating new FHA and VA loans, while others made loans contingent on the availability of FHA insurance or VA and GNMA guaranty authority.

This program disruption raised the interest rates on FHA and VA mortgages because lenders had to find alternative investment vehicles other than GNMA to fund those loans. Although FNMA and FHLMC recently began programs for securitizing FHA and VA mortgage loans, these programs operated at higher costs than GNMA's because FNMA and FHLMC demand higher yields on their mortgage securities and their cost of funds is greater than GNMA's. These increased costs were passed on to homebuyers, and to homeowners refinancing their homes, who paid at least one-half percentage point more in interest where an FHA or VA loan was delivered into FNMA or FHLMC securities.

MBA urges the adoption of a credit ceiling of at least $125 billion for FY 1987 in order to accommodate the continued rolling over of eight years of high-rate FHA and VA loans. Because there are approximately $95 billion in FHA and VA loans currently outstanding, the refinancing of these loans will carry over into FY 1987.

NOTICE OF PROGRAM ACTIVITY LEVELS

MBA is pleased that P.L. 99-289 requires the HUD Secretary to notify Congress in a timely manner when it appears the FHA and GNMA credit ceilings will be reached before the end of the fiscal year. MBA believes that legislative language should be adopted that would impose this requirement on the VA Administrator with respect to the volume activity of the VA Home Loan Guaranty Program.

HUD, GNMA, and VA currently have tracking sytems that provide this information, and timely submission of this data to Congress would allow it sufficient time to act and avoid program shutdown and ensuing market disruption.

CONCLUSION

There is an immediate need for a viable, well-thought-out housing policy. The framework of such a policy should provide for decent, safe, and sanitary housing at affordable prices for all Americans. In addition, housing policy should facilitate the steady flow of mortgage credit at reasonable rates of interest. The FHA, VA, and GNMA programs provide a remarkably simple and efficient engine for generating capital for housing, especially for moderately priced housing geared toward moderate income families. These programs provide a perfect mix of private-government involvement in that they rely to a maximum extent on private lenders to make, market, and service loans; require no subsidy—in fact, make money for the government; and make the credit markets more efficient.

The continuous threat of extended or periodic disruption in these programs impairs the current and future liquidity of this market, because lenders and investors will no longer consider these programs predictable vehicles for mortgage finance. If the perception of investors and lenders toward these markets changes, this will result in generally higher mortgage rates.

MBA urges Congress to extend FHA insuring authority through the end of the fiscal year, to adopt adequate credit budget limits for the FHA and GNMA programs, and to recognize realistic activity levels for the VA Home Loan Guaranty Program so that the American dream of homeownership does not fade. We also urge the Subcommittee not to adopt any of the Administration's recommended FHA program changes, which would severely limit the program's availability.

MBA appreciates the opportunity to testify before this Subcommittee and would be happy to answer questions or provide additional information, as necessary, for inclusion in the hearing record.

Mr. GREEN. Thank you very much.

I think you have spelled out very well the problem with the ceilings. Let me explore that a little bit with you.

I tend to agree with you that if it is right, it does not make any sense to have a ceiling on an entitlement program. We do the same thing with food stamps very often.

It is an entitlement program but we don't pass an appropriation that can cover for people to claim during the full year, and not surprisingly we went out on September 9 and we always pass a supplemental to cover it, of course.

On the other hand, I think there is some merit in the concept that the Federal intrusions on the credit markets ought to be limited, and Congress ought to set those limits. I suppose if you believe that maybe you make an exception for the rollover kind of things we discuss which may be 90 percent of your business at the present time, but should you not then have some system for rationing, whether it is an auction system or some criteria, priority of professional home buyer or something of that sort?

Mr. LASKO. Again, I really see it as a dilemma. I understand the desire for constraint, but on the other hand, the auction system, which is what GNMA is considering, I have this reaction.

It seems to me if you are going to have a program that is going to convey some benefit, and the FHA and the GNMA programs do convey a benefit, there is no question it helps get interest rates down a little bit; presumably that is the interest of the program, to ensure a steady flow of credit at reasonable rates.

It does not seem right to create it on the one hand and then take it away on the other. What an auction system will effectively do is recapture for the Government the market value of that benefit. It is going to come out of the homeowner's pocket one way or the other. It is a judgment call, I would agree, but I would say what sense does it make to create a FHA and GNMA on the one hand?

I purposefully put VA aside as an entitlement program, but to take away the benefit through an auction system takes out of the program one of the very benefits, lower interest rates it was supposed to create.

Mr. GREEN. Certainly I agree with you, a Government guarantee gives you the low interest rates, but on the other hand, one could argue even if that goes the access to the secondary market, the Government guarantee through the GNMA program has been extremely important to the housing finance picture these last many years.

Mr. LASKO. You are absolutely right, and I don't disagree. I will say we are working with GNMA right now in terms of the $126 billion ceiling they were recently given.

We believe that is enough to get them through the year, but when you create rules you create new loopholes and create new problems. The big concern, and it is as much of a concern of ours representing the GNMAs issuers as it is GNMA's, is there will be a rush to get it.

I don't think they necessarily have to be considered greedy to be getting in line to try to get their fair share, but there is such a rush that the GNMA is concerned it will go all at once.

We would favor a prudent administrative allocation system. We are impressing on GNMA right at this moment that they shorten their one-year commitment at least temporarily to four months.

We think people who can then see that as a four month commitment will back off and will only ask for four months. They don't want to waste their commitment fees either.

We far prefer that to an auction which could well become the standard for the future and I think unnecessarily so. And almost as troublesome, an auction system for which we can't see the end of the tunnel.

It is such a vital program, a quarter of a trillion dollar program, that to start messing around in the short term where you can't see what is going to happen down the road is a big mistake. We are urging GNMA passionately to hold back and not make mistakes.

Mr. **Green**. Mrs. Boggs.

Mrs. **Boggs**. Thank you for your testimony. I was interested in your strong recommendations about the lack of financing of our upfront mortgage insurance and other closing costs. Even though there is this tumultuous action in home buying and in the housing market, one of the real features of FHA has been to encourage first time home owners. Would you agree that these upfront closing costs are going to drive a good many first time home owners out of the market? Doesn't it double their initial payment?

Mr. **Lasko**. You are absolutely correct. I can hardly add more to what you said.

Making the home buyer pay the mortgage insurance premium out of pocket, upfront, takes away from that first-time buyer one of the very crucial benefits of getting the FHA loan in the first place—a low down payment. Certainly coupled with a $40,000 income limit, that upfront cash requirement would make the average cash requirement at closing about $8,000.

If you then turn around and couple it with a $40,000 income limit, you are making it virtually impossible for the people who need the program most to use it, and yet preventing people at the higher level to use it who we think also need it.

We absolutely agree with you, Mrs. Boggs.

Mrs. **Boggs**. Thank you.

Thank you, Mr. Chairman.

Mr. **Green**. Mr. Coughlin.

Mr. **Coughlin**. We welcome you here. Thank you for your excellent testimony and also welcome Mr. Wood, your very able associate.

Your testimony has been invaluable to all of us. Forgive my ignorance. I don't understand how refinancing increases the outstanding pool or outstanding volume of credit.

Mr. **Lasko**. It does not. I think you understand perfectly it does not. However, the credit limits, the way they are employed by FHA, VA and GNMA, at the direction of OMB is that they are to be employed on a gross basis so that every time—we will take the VA program for instance—every time a VA loan is made it draws down that much from the credit limits, even though it may be a loan that is used to pay off an outstanding loan.

The credit limit is employed on a gross basis and it is as simple as that.

Mr. **Coughlin**. Is that by OMB fiat or legislative fiat?

Mr. **Lasko**. OMB, as the central budget agency, writes how budget procedures are to be employed. I know when I was at GNMA we got a written directive because, frankly, we weren't doing it that way at first, and it helped us understand how to do it.

We had at GNMA a written directive, even though in the GNMA instance, there were cases where securities were totally paid off and then new ones issued in their place; you had to draw that down against the credit.

If you want to be cynical, you could just view it as an insidious way to diminish the volume of those programs by using whatever hooks you can get. But, yes, that is how it is done.

Mr. **Coughlin**. It seems a very peculiar way of transacting business. I suppose you can make an argument that as interest rates come down, there is not as much need for us to be subsidizing the Federal Government.

Is that a fair statement?

Mr. **Lasko**. The first argument we would make is that it is not a direct subsidy. FHA and GNMA make rather remarkable amounts of money for the Government. A point I didn't make in my remarks is it is also ironic these programs are to be throttled by preventing profits coming in just at the time we are worried about the deficit.

That is a separate point. But there is not a direct subsidy. There is, in an academic sense, support in terms of giving the full faith and credit guarantee to these programs. But we frankly don't believe that costs the Government money.

Ultimately it comes to a bottom line judgment. Do you think housing is a sufficiently important public priority to get this kind of minimal support.

Mr. Coughlin, if I can just make one more comment on that, we are obviously advocates for housing but we also think the programs we have got are—without making any commentary on the public housing and other programs you are hearing about, but if we are to have any programs, minimalist programs for housing in the current environment, fiscal constraints, we think FHA, VA and GNMA are precisely the kinds that make sense.

They are consistent with the Administration's focus on reliance on the private sector, no minimal subsidies, and deficient markets, and VA and FHA and GNMA taken together make markets more efficient, easy access to pricing, free flow of information.

They rely to a maximum extent possible on the private sector. Obviously we represent issuers. They involve no subsidy, in fact, make money for the Government.

We obviously are firmly supportive of those programs even at a time when we certainly support attacking the deficit.

Mr. **Coughlin**. Thank you, Mr. Chairman.

Mr. **Boland**. Mr. Mollohan.

Mr. **Mollohan**. Do you have any estimate on how many, say, for example, veterans are precluded from taking advantage of the program because of the ceilings that you talk about and because of increased fees being charged by the Veterans' Administration?

Mr. LASKO. Well now, right now the VA has not yet increased fees. A few years ago they imposed a one percent upfront fee to begin to cover some of their losses.

Although the Administration has proposed as high as a five percent fee, it has never been imposed. If that were imposed, it would have an impact and what we will volunteer to do is come up with an estimate.

I know we have it, but I don't have it in my head. Also, in terms of the credit limits, again, happily the Congress responded very quickly when VA ran out of authority so VA got back into business.

So, again, while there was a few days delay, it was not critical. The Administration had proposed—this would have been very serious—a $90,000 limit on VA loans.

This was a couple of months ago. Other restrictions included no reviews of VA loans and no partial use of VA eligible. Those would have had a very significant impact.

I would note especially in an area like this where we have so many Pentagon employees and veterans living in the area, that would have had quite an impact. We will get you an estimate on that.

[The information follows:]

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Mortgage Bankers Association of America

Burton C. Wood
Senior Staff Vice President
and Legislative Counsel
202-861-6507

May 16, 1986

The Honorable Allan B. Mollohan
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Mollohan:

During the hearings held on May 7, 1986 before the Subcommittee on HUD-Independent Agencies of the House Committee on Appropriations on the FY 1987 Budget at which Warren Lasko, MBA's Executive Vice-President, testified, you had asked MBA to provide an estimate of the impact that the imposition of increased user fees on the VA Home Loan Guaranty Program would have on veteran homebuyers. The purpose of this letter is to provide this information.

As you are aware, as part of its FY 1987 budget proposal, the Administration requested an increase in the VA funding fee from the present 1 percent to 2 percent in FY 1987, 3.0 percent in FY 1988, and 3.8 percent by FY 1990.

MBA estimates that the increase in the funding fee to 3.8 percent from the current 1 percent level would preclude approximately 649,000 presently eligible veterans from qualifying for the current average VA loan of $66,789. At the current VA interest rate of 9.5 percent, standard underwriting guidelines require a veteran to have an income of at least $17,734 per year in order to qualify for the average VA loan. However, according to statistical data compiled by the VA (Veterans in the United States: A Statistical Portrait from the 1980 Census, October 1984), an increase in the funding fee to 3.8 percent, if included in the loan amount, would require an increase in a veteran's annual income to $18,379, thus disqualifying 649,000 otherwise eligible veterans who would not be able to meet the increased income threshold.

I am hopeful that you will find this information useful. Please contact Brian D. Cooney, MBA's Associate Legislative Counsel, or me should you need additional information.

Respectfully yours,

Burton C. Wood

Mr. **Mollohan**. Thank you.

Mr. **Green**. Thank you both for very illuminating testimony.

HOUSING AND URBAN DEVELOPMENT

WITNESSES

CARL A.S. COAN, JR., LEGISLATIVE COUNSEL, NATIONAL HOUSING CONFERENCE, INCORPORATED

JULIET MADISON, EXECUTIVE DIRECTOR, NATIONAL HOUSING CONFERENCE, INCORPORATED

Mr. **Green**. Carl Coan from the National Housing Conference.

Your testimony will be put in full in the record. You may proceed as you wish.

Mr. **Coan**. Thank you, Mr. Green.

I would like to introduce someone I hope you will see many times in the future, Juliet Madison, who has become the new Executive Director of the National Housing Conference.

Mr. **Green**. Congratulations and welcome.

Ms. **Madison**. Thank you.

Mr. **Coan**. Mr. Chairman, Members of the Subcommittee, my name is Carl Coan. I am Legislative Counsel for the National Housing Conference, and I appreciate this opportunity as always to present our views on this and other appropriations.

In reviewing the budget presented to the Congress for HUD for 1987, and also in reviewing my statement to the Subcommittee last year, I am struck by how similar a situation presents itself this year. Last year we typified the HUD budget request as an "unappropriation," because its adoption would have resulted in the undoing of 50 years of effort by the Federal Government to meet the nation's housing needs. We urged the Subcommittee to reject those budget proposals for HUD and you did. We and all who are concerned about the nation's housing and community development needs are most grateful to you for that rejection.

Again for fiscal year 1987, you have been asked by the Administration to ignore the reality of need and to make funding decisions that can only lead to the ultimate demise of HUD. We again urge you to ignore those proposals. We also urge that you reject the proposed deferrals of fiscal year 1986 HUD funds for the Community Development Block Grant, Sections 8, 202 and the 312 Rehabilitation Loan programs, just as the HUD rescissions proposed for this fiscal year were allowed to die a few weeks ago.

While we were grateful for the rejection last year of the program-eliminating proposals of the Administration, we should like to urge that you approve for fiscal year 1987 a somewhat more generous level of appropriations than those made available for fiscal year 1986. The housing needs of low and moderate income are still very substantial, as are the community development needs of our cities.

As one looks at what the Senate Finance Committee did last night and finished this morning about 12:30, and puts that next to what this body did in passing a tax reform act, there is nothing left for lower income housing.

The Senate Finance Committee has completely eliminated any tax incentive for housing of any sort and especially for low income housing. There is very little left in your version over here. So we have been getting it from both ends.

There is no direct assistance, and on the other hand there is no indirect. There would be no indirect assistance anymore.

Now, of course, I, and others of the National Housing Conference, and others, will do our best to convince the United States Senate and the Members of the Conference Committee that they have probably gone too far. We think we probably will have some success, but the direction is not a very appealing one the way things are going.

At the present time the overall housing situation has improved. For this we all should be grateful.

However, it takes more than eight years of mortgage rates to bring housing within the financial reach of the millions of low and moderate income who still cannot find decent housing at prices they can afford. It is important that all segments of our society share in the improvement in their housing situation that the more fortunate are now experiencing. The degree to which this will occur is heavily dependent upon your actions on these HUD appropriations for fiscal year 1987.

In the resolutions adopted by the National Housing Conference at its recently completed convention, we set forth those minimum program levels we believe are necessary to permit that sharing to start to occur. Many of these proposals are identical to those we made to you last year—they continue to represent a relatively modest level of assistance reflecting our recognition of the budget realities confronting you, but also reflecting our belief that the needs we have focused upon are real and cannot be ignored.

I have attached to my testimony a full set of our resolutions which I urge you to review. However, I should like to highlight some of the principal recommendations.

The public housing program should be continued at a level of 20,000 units. That is four-times what you have been authorizing in the last four years, but it is really needed.

We support for modernization a level of $1.5 billion. There is still a lot that needs to be done as you have heard.

For the Community Development Block Grant Program, we urge a level of $3.5 billion, which is $500 million higher than what you authorized ultimately for this year before Gramm-Rudman and other things took effect.

We also urged the 108 loan guarantee program be continued at $225 million level of the past several years. For UDAG, we urge $450 million funding level. We also urge that there be funds sufficient to support approximately 200,000 additional units of multifamily housing through a variety of programs, through 202, through the Housing Development Grant program, through Rental Rehabilitation, mod rehab and the Section 8 certificate program.

We also urge you to continue to support some level of home ownership assistance. Our resolutions call for 50,000 units and cite the success of 235, and the apparent success of Nehemiah in New York City, which apparently both housing bills would authorize, as rumor now has it.

We may get a housing bill for the first time in six years by itself. We also urge adequate guarantee levels should be provided for FHA, GNMA and Veterans Administration. I am a strong believer that if we don't concern ourselves with the housing needs of the great bulk of our population they will not support funds to deal with the lower income segments of our society.

Mr. Green, I was listening to you in your colloquy with Mr. Lasko, and I would say GNMA is doing exactly what we hoped it would do when we created it back in 1968. I would urge there be no limits. I see no reason for limits on these programs. They serve the basic housing needs of the great bulk of our population or make it possible for them, and if you start putting auctions and other things on there we are just going to hurt those who don't need to be hurt.

I would also like to call, and we do call, for sufficient funds to staff HUD. I had a situation where I had a follow-up for a client who was trying to get his annual increase from Section 8 rents for his project. He had a doubling of his real estate tax and almost 50 percent increase in utilities and had a request pending since last August for his annual increase.

This was a couple weeks ago. I was told by the particular office—there is no sense naming names, but it was out in the Midwest—"we are sorry, we are just besieged by all these 203 mortgage requests, insurance requests we are getting in."

I said, "Fine, but what do you want? Do you want a Section 8 project back?" That is the type of problem. There just are not enough people there to handle adequately what needs to be done and should be done.

We realize that the program levels will require funds substantially in excess of those requested by the Administration, but our recommended levels and the funds necessary to support them are still substantially lower than what is needed.

We have tempered our recommendations in recognition of the continuing deficit problems confronting the Federal Government. However, these housing and community development programs, to date, have absorbed far more than their fair share of the fight to deal with those deficits and should not be looked to any longer as a budget reduction resource.

We, therefore, urge the Subcommittee to recognize once again that the Federal Government does have a definite role to play in assuring that all its citizens have an opportunity for decent housing and a suitable neighborhood in which to live. Your past recognition of this role has been important, but your continued recognition is crucial if we are to maintain the progress of the past 50 years.

Thank you.

[The statement of Mr. Coan follows:]

NATIONAL HOUSING CONFERENCE, INC.

JOHN SIMON
President

LEON N. WEINER
Board Chairman Emeritus

KENNETH G. LORE
Board Vice Chairman

JULIETTE B. MADISON
Executive Director

STATEMENT
OF
THE NATIONAL HOUSING CONFERENCE
BEFORE THE
SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

May 7, 1986

Mr. Chairman and Members of the Subcommittee, my name is Carl A. S. Coan, Jr. I am Legislative Counsel for the National Housing Conference and I appreciate this opportunity to present the views of the National Housing Conference on HUD appropriations for FY 1987.

In reviewing the budget presented to the Congress for HUD for FY 1987 and my statement to the Subcommittee last year, I am struck by how similar a situation presents itself this year. Last year we typified the HUD budget request as an "unappropriation", because its adoption would have resulted in the undoing of 50 years of effort by the Federal Government to meet the nation's housing needs. We urged the Subcommittee to reject those budget proposals for HUD and you did. We and all who are concerned about the nation's housing and community development needs are most grateful to you for that rejection.

Again for FY 1987, you have been asked by the Administration to ignore the reality of need and to make funding decisions that can only lead to the ultimate demise of HUD. We again urge you to ignore those proposals. We also urge that you reject the proposed deferrals of FY 1986 HUD funds for the Community Development Block Grant, Section 8, 202 and the 312 Rehabilitation Loan programs, just as the HUD rescissions proposed for this fiscal year were allowed to die a few weeks ago.

While we were grateful for the rejection last year of the program-eliminating proposals of the Administration, we should like to urge that you approve for FY 1987 a somewhat more generous level of appropriations than those made available for FY 1986. The housing needs of the low and moderate income are still very substantial, as are the community development needs of our cities.

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At the present time, the overall housing scene has improved, with the lowest mortgage interest rates in several years sustaining a housing production level of almost 2 million units per year and making it possible, once again, for a broad segment of the middle-income to be able to afford to purchase a home. In some places, new apartment projects are able to proceed without the reliance on tax-exempt financing that had become so necessary in recent years.

For this we all should be grateful. However, it, unfortunately, takes a lot more than an eight-year low in mortgage interest rates to bring housing within the financial reach of the millions of low and moderate income who still cannot find decent housing at prices they can afford. It is important that all segments of our society share in the improvement in their housing situation that the more fortunate are now experiencing. The degree to which this will occur is heavily dependent upon your actions on these HUD appropriations for FY 1987.

In the resolutions adopted by the National Housing Conference at its recently completed convention, we set forth those minimum program levels we believe are necessary to permit that sharing to start to occur. Many of these proposals are identical to those we made to you last year--they continue to represent a relatively modest level of assistance reflecting our recognition of the budget realities confronting you, but also reflecting our belief that the needs we have focused upon are real and cannot be ignored.

I have attached to my testimony a full set of our resolutions which I urge you to review. However, I should like to highlight some of the principal recommendations:

- The Public Housing Program should be continued at a level of 20,000 units. Modernization should be funded at a minimum level of $1.5 billion and adequate operating subsidies should continue to be appropriated.

- The Community Development Block Grant Program should be funded at a minimum level of $3.5 billion, with the Section 108 loan guarantee program continued at a $225 million level.

- The UDAG program should be continued at a $450 million funding level. We also suggest that consideration be given to providing the Secretary an additional $25 million discretionary fund to deal with those unusual and unique problems that are not fundable under normal criteria.

- Sufficient funds should be provided to support at least 200,000 additional units of multifamily housing for low and moderate income families and the elderly and the handicapped, using a combination of the 202, Housing Development Grant, Rental Rehabilitation, Section 8 moderate rehabilitation, and Section 8 certificate programs.

- Assistance for Section 8 vouchers, however, should only be provided at such minimal level as necessary to continue any ongoing experiments and commitments.

- We support 50,000 units of home ownership assistance, including the tried and proven 235 program and new initiatives, such as the Nehemiah program that has worked so successfully in New York.

- The 312 Rehabilitation Loan program should be continued at least at the loan repayment level.

- We urge rejection of any switch of housing programs of the Farmers Home Administration to HUD.

- Adequate guarantee levels should be provided for FHA, GNMA, and the Veterans Administration, to assure that these necessary programs are able to meet the demand which has soared in recent months with the return of more reasonable interest rates.

- No increase in the present user fees imposed under the various FHA, GNMA, and VA programs.

- Rejection of proposed reductions in fees for administering Section 8 certificates and of the proposal to require that one-half of such fees be paid by state or local government.

- Funds for sufficient staff to administer in a timely fashion HUD's many responsibilities.

We realize that the program levels we have recommended will require funds substantially in excess of those requested by the Administration, but our recommended levels, and the funds necessary to support them, are still substantially lower than what is needed. We have tempered our recommendations in recognition of the continuing deficit problems confronting the Federal Government. However, these housing and community development programs, to date, have absorbed far more than their fair share of the fight to deal with those deficits and should not be looked to any longer as a budget reduction resource.

We, therefore, urge the Subcommittee to recognize once again that the Federal Government does have a definite role to play in assuring that all its citizens have an opportunity for decent housing and a suitable neighborhood in which to live. Your past recognition of this role has been important, but your continued recognition is crucial if we are to maintain the progress of the past 50 years.

Thank you for this opportunity to appear today.

LEGISLATIVE POLICY
# of the
NATIONAL HOUSING CONFERENCE

Adopted March 18, 1986

> "...Sec. 2. The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation."

The quote is from the Housing Act of 1949. It is still on the statute books,although it is today largely ignored by the President and the Congress. The principal sponsors of that landmark Act were Senator Robert Taft, Republican, of Ohio; Senator Robert Wagner, Democrat, of New York; and Senator Allen Ellender, Democrat, of Louisiana. They and a bi-partisan majority of Congress agreed that improving housing conditions and deteriorated sections of older communities merited a national priority. They came to that conclusion despite the fact that our nation was still recovering from a war-ravaged economy and had made major financial commitments to help in the rebuilding of war-torn sections of Europe and Asia. A paradox which is difficult to rationalize is why, in 1986, when our economy is strong, when we have been at peace for a number of years, when our housing markets for upper-income Americans are so strong, the President and, to some extent, the Congress seem to want to ignore almost totally the housing and community improvement needs of so many section of our nation.

The proposed Fiscal Year 1987 budget allocates far less than 1% to budget authority for all HUD programs. It virtually ignores the social contract of the 1949 Act, a contract reiterated in a number of subsequent housing acts, which were passed in most cases by large bi-partisan majorities of Congress and were signed into law by Presidents Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, and Carter. The budget clearly indicates that our prosperous nation proposes to do almost nothing for the housing needs of the homeless, for those living in rat-infested slums, for our lower income senior citizens and handicapped persons, for our young people who can't afford to find a decent apartment at rents they can afford.

In recent years many of the programs have been decimated that have been successful in helping to rehabilitate blighted areas, to improve the economic climate in older cities and rural areas and to provide jobs and social services in these areas. The federal responsibility has been ignored for helping poor people who, through no choice of their own, have found that they can only afford to live in deteriorated areas of communities which do not have the economic ability to improve these neighborhood and housing conditions.

We acknowledge the political realities of 1986. We understand that large budget deficits make it unrealistic to expect that Congress could continue to fund housing and community development programs at real dollar levels which would approximate those of ten and twenty years ago. On the other hand, we cannot understand why a reasonable proportion of our gross national product could not be devoted to continuing programs that have proven to be successful in providing decent housing to millions of Americans and have made dramatic improvements in many sections of our older urban cities and rural areas.

The legislative policy which is set forth below is most modest. It represents what we believe to be a minimum effort which can be reasonably accomplished now despite present budget constraints. We also implore the President and the Congress to allocate within their longer range budgetary projections a level of funding which would permit the nation to continue to make significant progress towards meeting the goals of the 1949 Housing Act.

We believe that Gramm-Rudman-Hollings represents a serious impediment to achievement of the nation's housing and community improvement goals. We urge its repeal. Congress should have the flexibility to consider carefully, through its committee system, both authorization and appropriations legislation in terms of the merits and needs of each particular program and to balance carefully these needs against the capacity of the nation to raise a reasonable amount of revenues for meeting those needs.

We are adamant in our opposition to any rescissions or deferrals of HUD Fiscal year 1986 funding. The obligation levels for HUD programs have been cut drastically over the past six years. Any further cuts would simply be a statement that the nation no longer feels any obligation towards helping its poor, its handicapped, its homeless and its senior citizens to have decent housing or its communities undertaking efforts to improve themselves.

The current full-scale review of the Internal Revenue Code under the guise of tax simplification is a matter of serious concern to NHC. The tax law, as presently written, encourages investment in housing (especially for the low and moderate income) and economic development of depressed areas and it enables municipalities to obtain reasonable cost financing for improving their infrastructures. All of these activities have now been thrown into a state of utter confusion as a result of the uncertainty on the future provisions of the tax law and the effective dates of any new provisions. We are sympathetic to the goal of making the law simpler and more equitable. However, we oppose changes which would reduce the incentives for the development of housing or make targeted public-private economic development initiatives less feasible or make tax-exempt financing for infrastructure more costly.

NHC has long supported the public-private partnership concept in the development of housing and in the improvement and economic development of deteriorated areas. Such partnerships, which combine adequate public-interest safeguards and the equity capital, expertise and profit motivation of the private sector, have been most successful in the achievement of our national goals. A variety of approaches and programs has proven to be most responsive to meeting particular needs and opportunities. For those reasons, we strongly oppose "all or nothing policies".

We oppose the privatization of the FHA, which has proven to be an awesome catalyst for the development of sales and rental housing for many millions of Americans. We oppose any across-the-board efforts to privatize public housing, although we recognize that the sale of individual projects, after careful review of the implications and provisions of such a sale, can in certain instances be beneficial to the public interest. We believe that the present broad variety of secondary market mechanisms for the financing of housing (e.g., FNMA, GNMA, FHLMC, et al) has proven to be effective and we oppose any efforts to change the basic concept or organizational structure of these various entities.

Our following resolutions address themselves to those specific, programmatic policies, issues and appropriation levels which we feel merit particular priority during the 1986 - 1987 period.

PUBLIC HOUSING

o We support, for fiscal year 1987, an authorization and appropriation level of at least 20,000 additional units of public housing.

- We support full funding of the CIAP (modernization) program in FY 1987 at a level of at least $1.5 billion to assure the preservation of existing public housing stock and avoid the demolition of projects which can be rehabilitated. We also support Public Housing comprehensive grant legislation which would create a stable system for carrying out on-going modernization efforts and would provide a replacement reserve system for future modernization needs.

- We support a level of operating subsidies (Performance Funding System) that will permit housing authorities to maintain units properly and to provide adequate staff for the management of their projects. We believe $1.5 billion should be adequate for FY 1987. We also support changes in the Performance Funding System which will: recognize annual adjustments in the expense calculation necessary to meet unforeseen problems; encourage public housing authorities to develop sources of additional income; create an adequate (20% of annual expense budget) operating reserve level; and encourage local housing authorities to adopt a performance standards system.

- We urge enactment of legislation providing for the replacement of any public housing projects permitted to be sold or demolished, unless it can be demonstrated that there is no longer a need for low-income housing in the community.

- We call for the continuation of the use of tax-exempt short-term and long-term financing of public housing projects. This least costly financing method, used since the beginning of the program, should be maintained through such adjustments to the Internal Revenue Code ~~as~~ are necessary to overcome the unintended, harmful changes of the Tax Reform Act of 1984.

COMMUNITY DEVELOPMENT BLOCK GRANTS

- We are absolutely opposed to the Administration's proposed deferral of $500 million of Fiscal Year 1986 funding.

- We support a three-year reauthorization of the CDBG program at a minimum annual level of $3.5 billion. There are an increased number of recipients, and the needs of our cities and urban counties continue to grow as their infrastructure ages. If they are to be able to improve areas which are physically and economically deteriorating, they must be able to plan on a stable source of income for those efforts which they cannot finance locally. Yet despite the needs and the inroads of inflation, funding for this program, after remaining at a relatively low, constant level of about $3.5 billion for many years was reduced by $500 million in FY 1986 to $2.99 billion. With the proposed deferral of $500 million, that would leave a funding level almost 30% below FY 1985 and earlier years.

- In view of the fact that, at best, the CDBG program will continue at a sharply reduced rate in terms of real dollars, we oppose any efforts to broaden the types of activities which can be undertaken, changes in distribution formulas or creation of new categories of recipients, or the absorption by this program of other federal programs (e.g., EDA, FmHA, et al).

- The Section 108 Loan Guarantee program has proven to be a most valuable and cost effective tool for helping in local economic development and other CDBG efforts. We oppose the Administration's proposed termination of the program and the rescission of $162.9 million in guarantee authority. We recommend a continuation of the annual loan authorization level of $225 million.

ECONOMIC DEVELOPMENT AND UDAG

- We support a broad range of programs that provide jobs, infrastructure improvements, community revitalization and economic development for the nation's urban and rural communities. This includes specific support for jobs legislation and the UDAG program, which must be continued. We adamantly oppose the proposed termination of the UDAG program and the rescission of $206.4 million in grant authority.

- The UDAG program has been most successful in promoting creative private-public partnerships which are helping economically distressed cities to attract private capital for economic development. There is currently a greater demand than there are funds for viable, important projects. These will not survive a long waiting period for funding. There is also a need to assure that projects from all eligible communities have a better chance of being funded than is now possible under present HUD criteria which give preeminent consideration to the extent a community is distressed. We, therefore, support UDAG funds being allocated 65% on the basis of distress, impaction and project quality, and 35% solely on the basis of project quality.

- We support a three-year reauthorization for UDAG at a minimum annual level of $450 million, and we suggest that consideration be given to an additional discretionary fund of $25 million which could be used by the Secretary to assist worthwhile, important projects which might not otherwise be funded due to aberrations in the statistics of the project selection system.

COOPERATIVE HOUSING

- We support tax reform for cooperative housing which would clarify that interest on reserves, patronage rebates, and payments to the cooperative under Section 8 and similar programs are member income. We also support tax reform which would provide the benefits of cooperative housing taxation to all cooperatives whose principal purpose is providing housing for its members.

- We request HUD to issue promptly workable regulations for FHA-insured share financing as provided in the 1983 Housing Act.

- We support the use of tax-exempt financing for cooperative housing, both for blanket mortgage and share financing. We specifically urge enactment of legislation to permit limited-equity cooperatives to qualify for tax-exempt financing under Section 103(b)(4)(A) of the Internal Revenue Code.

FAIR HOUSING; EQUAL OPPORTUNITY; AFFIRMATIVE ACTION

- We support legislation which would (1) extend the Fair Housing Act to protect the handicapped capable of independent living and families with children; (2) provide for strengthened enforcement by the appointment of administrative law judges to hear and adjudicate housing discrimination complaints; and (3) clarify ambiguities in coverage to assure protection against all forms of discrimination by all elements of the housing and home finance industry.

- We support any housing and housing-related programs which further the goals for racial and economic integration. The drastic reduction of funding for new production makes it most difficult for low and moderate income families and handicapped persons to broaden their geographic opportunities for finding decent housing that they can afford.

RURAL HOUSING; INDIAN AND NATIVE AMERICAN HOUSING

- We oppose the proposed transfer of FmHA housing and development programs to HUD and, instead, continue to support the full funding of FmHA's housing programs, including the 502 low and moderate income single-family and 515 multifamily programs, as well as rural rental assistance.

- We support a $3.4 billion funding level for FY 1987 for FmHA's rural single family and rental programs which primarily serve low-income families. We continue our support for a reasonable authorization level for the rural housing preservation program, the self-help housing program, and 504 repair grants for elderly homeowners.

- We support the continuation of existing housing programs for Indians and Native Americans and full funding of the infrastructure needed to support such housing. No housing should be constructed without adequate sanitary facilities.

- We support appropriation of sufficient funds to assure adequate staffing of the FmHA housing assistance programs.

OTHER FEDERALLY ASSISTED HOUSING PROGRAMS

- We support a program of assistance during FY 1987 for not less than 200,000 additional units of multifamily housing for low and moderate income families, elderly and handicapped. We oppose the proposed rescissions of $4.1 billion of Section 8 and Public Housing funds; $71.7 million each of HoDAG and Rental Rehabilitation grant funds; and $550 million in 202 loans (subsequently labeled a deferral). We also call on the Congress to reject the proposed deferral of $2.3 billion in Section 8 and Public Housing funds for FY 1986.

- The 200,000 units under the program recommended above should be allocated among the following HUD programs: public housing; Section 202; Section 8 Moderate Rehabilitation housing; Indian housing; HoDAG; Rental Rehabilitation; and the Section 8 Certificate program. We urge that Congress direct HUD to study and report back on means by which some flexibility in the allocation of funds under those specific programs could be devised, so that there can be a better targeting of the type of housing assistance needed in each particular area.

  For example, in areas of the nation where existing rental housing is in short supply and there are virtually no vacancies at low-moderate rent levels, there would be an obvious need to target funding for new construction or substantial rehabilitation to those areas. Similarly, in the case of programs (e.g., Section 8 certificates) which rely on the existing housing stock, how best to target those types of funds to areas where there is a high vacancy rate in existing housing should be demonstrated.

- We continue our support for a program which would encourage private developer initiatives in the construction of housing for low-income families. This has historically been proven to be a most successful production tool. We believe that it is both possible and desirable to devise a program that combines private capital and initiative with public investment and which is realistic and equitable in terms of encouraging private sector participation and yet protects the public interest.

  We particularly commend as possible models review of the Nehemiah project in New York and the recent proposal for a public-private construction approach for housing for homeless persons by New York State Governor Mario Cuomo.

- We continue to oppose the Administration's efforts to replace, with a voucher program, the Existing and Moderate Rehabilitation Section 8 programs.

- We oppose any moratorium on the annual adjustment of Existing Section 8 fair market rents as well as any artificial reduction of existing FMRs. We also oppose HUD's proposal to shift half the cost of administering the Section 8 Existing program to state or local government, as well as any other legislative or administrative proposal that could make the program less effective or more costly to administer.

- We support the restoration of the Credit Control Act of 1969, to permit use of selective credit regulation at such times as it may be needed in the future to bring about or maintain affordable interest rates.

- We support the Section 235 program and urge that it be extended with a greatly increased authorization. The program has been a most important tool for the provision of homeownership opportunities for moderate income families, and we urge an annual funding level of at least 50,000 units.

- We support the continuation of the Section 312 rehabilitation program and oppose the proposed rescission or other termination of unused FY 1986 loan authority. The present program is operating through a recycling of funds received from repayment of existing loans. We suggest an annual loan authority which is set at the loan repayment level.

- We affirm the Federal Government's continuing commitment to retaining at least the current number of units of federally assisted housing, which are now occupied by low and moderate income households. This includes all present public housing, HUD-assisted and HUD-held units, as well as units assisted by the Farmers Home Administration. Where such units are, or have been, removed from the supply, they should be replaced. The necessary funds should be provided to maintain this housing in viable condition and to continue the low and moderate income character of projects acquired by HUD and subsequently sold by it.

- We urge HUD to implement policy and regulations which would permit Section 11(b) financing to be used for moderate rehabilitation Section 8 projects, as permitted by existing legislation.

- We support legislation which would broaden the scope of the Section 202 program and increase substantially the number of units assisted.

- We support legislation to remove the present statutory limitation, imposed in 1981, on the percentage of families with income between 50% and 80% of the median that can be admitted to Section 8 and public housing projects, and to restore to 25% the rent-income ratio applicable to tenants receiving public housing, Section 8, rent supplement, 236 and FmHA assistance. These steps, taken together, would improve the viability of these projects, foster increased economic integration and protect the public interest in the projects.

- The housing needs of the homeless have been the subject of great rhetoric and little, if any, action. Previous legislative efforts have not resulted in a meaningful production approach. We urge Congress to adopt, and HUD to implement, a homeless housing program which is targeted to areas where this problem is serious and to permit approaches which are flexible and cost effective.

- We support the maintenance and strengthening of existing programs and activities that direct credit resources into the housing mortgage market, such as FHA mortgage insurance and GNMA mortgage-backed security programs, without arbitrary caps on their use. We support the development of new mechanisms to assure that an adequate amount of mortgage funds are available for housing.

- We reaffirm our long-standing support for FNMA and FHLMC as quasi-public, private corporations, dedicated to directing capital from the secondary markets into housing at reasonable rates. We oppose efforts to weaken these organizations by removing their governmental linkage or imposing so-called user charges.

- We oppose the proposed increases in FHA mortgage insurance and GNMA and VA user charges. It would appear that they have been suggested only as devices effectively to kill the programs. Similarly, we oppose any changes in the FHA programs which would restrict the eligibility of users or participants beyond those restrictions which are now in the statute.
- We oppose any arbitrary limitations on loan guarantee authority for the Veterans Administration housing program. The VA housing effort has been a most important tool for stimulating homeownership in many sections of our nation. Any additions to the housing supply in a tight housing market help to reduce the inflationary costs of housing and inevitably have a positive effect on housing availability at all levels of income and cost.
- We support the continued use of tax-exempt financing for both single-family and multifamily housing. We oppose the elimination of present tax incentives for investment in low and moderate income housing.

HUD STAFFING

The continuing decline of, and frequent opposition to, housing and community improvement programs has had an inevitable impact on the morale of the HUD staff. In many program areas there is not enough staff to carry out the required functions at even the reduced program levels. Frequent transfers, internal organizational changes, delays in replacing Assistant Secretaries and supervisors at all levels, all contribute to a decline in the esprit de corps of the remaining staff. It is beyond question that the ultimate success of any program enacted by Congress depends in great measure on the competence and dedication of the staff which is to administer those programs. We call on Congress, and particularly its Housing Subcommittees, and on the HUD Secretary, to review this problem and to fashion a comprehensive approach which would impart a sense of stability and appreciation to the HUD staff and also contribute to a recruitment effort which would attract to HUD new and dedicated professionals to fill the slots of those who have retired. We also urge the provision of sufficient funds to maintain a staff level adequate to administer effectively HUD's many responsibilities.

LIABILITY INSURANCE

There is a crisis in the costs and availability of liability insurance. This has affected municipalities, housing authorities, cooperatives and privately financed assisted housing projects. In many instances it raises the operating cost side of the balance sheet far beyond the ability of the insured to raise revenues. This is clearly a national, across-the-bpard problem which should not have to be attacked on an individual program, ad-hoc basis.

We call on Congress and the Administration to consider the matter and to devise an approach which will make it possible for entities requiring liability insurance to obtain it at a reasonable premium cost and to be able to envision future cost levels which are closely pegged to the inflationary changes in the economy, rather than the vagaries of the internal workings of the insurance industry.

Mr. GREEN. Thank you for your testimony.

Mrs. Boggs?

Mrs. BOGGS. Thank you very much for your testimony.

Carl, I want you to know we have another splendid person on this Committee who is following in his father's footsteps, as you have followed in your father's footsteps. I hope that he will become as great an advocate of housing for the American people, safe housing and decent environment, as you have been.

Mr. COAN. Thank you, Mrs. Boggs.

Mrs. BOGGS. We are very pleased with your testimony. Thank you so much for being with us.

Mr. GREEN. Mr. Mollohan?

Mr. MOLLOHAN. I would like to thank my colleague and dear friend, Lindy Boggs, for those gracious, kind words. This is a great ego boost to serve on this Committee for a lot of reasons.

Mr. COAN. Not the least of which is Mrs. Boggs.

Mr. MOLLOHAN. It is more meaningful because of the source. I appreciate your testimony in talking on a lot of programs that are near and dear to my constituents, and I certainly hope the Committee can support your request.

Thank you.

Mrs. BOGGS. May I ask you something that you didn't dwell on?

I realize you had a great deal to cover in your testimony, but one of your recommendations is the rejection of any switch of housing programs of the Farmer's Home Administration to HUD.

Would you expand on that a little bit?

Mr. COAN. HUD is not really qualified to deal with the rural housing delivery needs of our country. It has been shown time and time again, and that does not mean that HUD is not adequate to do its role, but Farmer's Home folks are out there in every county.

They have adequate programs and I am also a believer that if you diversify things you get a little bit more than if you put them all in one pot. I think if we did it all in one pot we would have less housing assistance and certainly substantial less housing assistance in our rural areas than we have if we continue the present system. You all have rejected it before and I hope you certainly will reject it again this year.

Mrs. BOGGS. We are always very pleased that women of importance are brought to this witness table and we are very grateful you are here.

Ms. MADISON. Thank you very much.

Mr. GREEN. Thank you very much, Carl. We will recess until two o'clock.

AFTERNOON SESSION

WEDNESDAY, MAY 7, 1986.

VETERANS ADMINISTRATION

WITNESS

PAUL EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. **Green** [presiding]. Our first witness is Mr. Paul Egan.

We have your full statement which we will include in the record, so you may proceed.

Mr. **Egan**. Obviously, within the allotted time I am not going to be able to touch on all the things of concern to us.

First, I think it is important to note some spending trends within VA by contrast to other Federal spending programs over the last 10 or 11 years.

Between fiscal year 1975 and 1984, for example, total VA budget growth amounted to 55 percent. Total Federal budget growth, including all programs, improved by 163 percent.

In VA health care, growth over the same period was 141 percent, while Medicare growth was 377 percent.

For veterans education and training, there was a reduction of 230 percent, while all other higher education was a gain of 290 percent; all other training employment was 24 percent which, I think, fairly dramatically demonstrates that by any estimation, VA spending has been relatively conservative and moderate and recognizes the benefit of being able to serve more and more former veterans with relatively stable budgets.

In the Department of Veterans Benefits, we are terribly concerned about the fact that since 1979 there has been a reduction of 5,476 full-time employees.

We feel that some restoration should be allowed for, and that is especially true given the current situation with the extraordinarily increased activity in the home loan guarantee program.

We also note that many of the cases that are being adjudicated in the Department of Veterans Benefits are extremely complex with a lot of the easier cases now being taken care of first predicated on the individual employee's desire to be gauged according to merit, on the volume of basis of cases they take care of, meaning they are left with the more complex cases.

Veterans Job Training Program was extended and authorized for $65 million last January. I certainly appreciate this Committee's work in transferring $35 million to that employment program and certainly hope you prevail when you finally go to the conference with the Senate on that.

As far as that program goes, a lot of people believe that program, being an emergency program as it was first enacted, is no longer necessary because the emergency has passed.

But we feel and have felt that the program has always been needed, in spite of the fact what gave rise to the program and what made it possible for that program to be enacted was the economic exigency that happened to be on the scene at the time.

For the Department of Medicine and Surgery the Administration proposes reductions of 7,542 FTEE, and with the Gramm-Rudman-Hollings reduction on March 1, an additional 1,306. We lost a total of 8,848 if the Administration's proposal is true. We think current year's budget in medical care would require at least the same number of employees as this Committee mandated in the fiscal year 1986 appropriation of 193,941 FTEE.

The grant for extended care facilities, while on the surface looks promising, is a 100 percent proposed increase over the current fiscal year, yet it is only $5.9 million over fiscal year 1985.

Given what we all know about the growing numbers of veterans who are reaching the age of 65 and beyond who will be needing nursing home care, we find this doesn't really represent a legitimate policy departure on the cause of the Veterans Administration to go towards state nursing homes.

In medical construction, we are pleased the Administration's budget finally recognizes the need for the hospital in Baltimore, and we certainly urge this Committee to go along with that. However, we think some additional funding is needed to go ahead with some of the projects that were planned for fiscal year 1987 in years gone by.

Those include nursing homes at Hampton, Virginia and Tampa, Florida, and site acquisition for a hospital in Palm Beach County in South Florida.

Mr. GREEN. Do you think the increasing number of outlays is to go with the state facilities?

Mr. EGAN. It certainly is one way.

Currently there are 19,000 nursing homes in the private sector, and they are providing about half as many nursing home beds right now, according to HHS, as we will be needed in the year 2000.

So, given the fact VA currently has a backlog of applications for matching funds for state nursing homes of some 65, a mere $5.9 million increase over fiscal year 1985 isn't really sufficient.

We do think that that backlog should be taken care of as soon as possible and given the fact many states are currently experiencing surpluses in their own budgets, to allow those things to wait too long might invite some withdrawal of those requested to date.

Mr. GREEN. Thank you very much for your testimony.

Appreciate it.

[The statement of Paul S. Egan follows:]

PAUL S. EGAN, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEE ON HUD/INDEPENDENT AGENCIES
HOUSE APPROPRIATIONS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

MAY 7, 1986

Mr. Chairman and Members of the subcommittee, The American Legion appreciates this opportunity to present its views on appropriations for veterans programs operated by VA during the upcoming fiscal year. In its submittal to Congress, the Administration has proposed for the Veterans Administration, Budget Authority of $26.615 billion. This is a reduction of more than $408 million from the current fiscal year. Administration proposed Budget Outlays of $26.353 billion reflect an outlay reduction below Fiscal Year 1986 of over $185 million. Added to this, over $334 million in Budget Authority has been sequestered from the current year as a result of the new Gramm-Rudman-Hollings balanced budget law.

In the view of some, veterans programs have fared well over the past years in which the nation has faced the most serious deficit crisis in history. For still others, veterans programs should be expected to absorb at least a fair and equal share of the budget reductions that are necessary to bring the nation's fiscal house back into order. For those subscribing to these views and looking superficially at the Administration's request for VA, the President's budget in large part is satisfactory.

On closer examination of VA program spending trends over the last 10 years, it becomes immediately evident that veterans were absorbing funding reductions long before a deficit crisis emerged. Further reductions in VA funding now,in the spirit of equity are disproportionately deep and the Administration's proposal for function 700 ignores the critical public policy questions that must be addressed if veterans are to be served properly.

For example, during the period from fiscal 1975 through fiscal 1984 total VA spending on VA rose by 55 %. Total federal spending on all programs and activities, however, rose by 163 %. In VA health care, spending rose over the same period by 141%. Spending for Medicare, on the other hand, rose by 377% between Fiscal Years 1974 and 1984. During this period VA spending on veterans education and training, including the veterans portion of the now defunct Comprehensive Employment and Training Act (CETA) and Job Training Partnership Act, was reduced by 230%. All other higher education assistance rose by 290% and all other training and employment assistance increased by 24%.

In view of these spending trends, VA must be seen as among the most, if not the most, cost effective agency in the federal government. Moreover, the restraint in growth for veterans programs by contrast with other programs strongly suggests that if other agencies had been as restrainedas VA, the nation would be free of deficits. The point here is that any cuts in VA programs now in the interest of equitably dividing the pain of funding reductions ignores the fiscal contributions VA has always been making even as other programs were growing exponentially. Irrespective of the carefully tailored veterans program designs that account for restrained or decremental growth in VA programs, savings in VA ,spawned by the deficit crisis over the last four years,have exceeded $2 billion.

Mr. Chairman, in our view these statistics are rather dramatic. Nevertheless, the Legion does not expect VA to be given vast infusions of new funding to make up for past losses. What we do expect is funding sufficient to accommodate a current services budget. In our estimation, this will require Budget Outlays totaling $27.0 billion. Against this background, we will address individual VA appropriation accounts.

DEPARTMENT OF VETERANS BENEFITS

The direct benefit programs administered by VA through the Department of Veterans Benefits (DVB) consume approximately 59% of the total VA budget. These are, for the most part, entitlement programs such as compensation, pension and education.

These benefits are administered through 59 regional offices. The proposed budget reflects an increase in employment of 400 FTEE. However, the actual increase is only 38 FTEE given the proposed transfer of 362 FTEE from the Office of Data Management and Telecommunications (ODMT) into DVB.

Since 1979 the average employment in DVB has been reduced by 5,476 FTEE, including 918 that were cut this year. Of these, the Gramm-Rudman sequestration this year accounted for 431 FTEE. The proposed level of DVB employment is 12,790 including the 362 FTEE from ODMT. In our view, this level is inadequate for a number of reasons.

The first of these is the level of current activity in the VA home loan guaranty program. Reduced interest rates have created a flood of veterans seeking to secure new or refinance old mortgages. It is our understanding that this flood is creating inordinate delays and is necessitating the utilization of home loan program personnel resources that would and should otherwise be marketing properties in VA's inventory of foreclosures.

With further regard to the home loan program it should be noted that no appropriations have been requested or will be needed in Fiscal Year 1987. This constitutes a savings next year of $200 million. Added to this the one percent user fee, given high levels of home loan activity, is expected to generate more than $200 million in additional savings.

A second reason for supporting added DVB personnel recognizes the case load of regional office adjudicators. Even though participation in the Vietnam era GI Bill education program is declining precipitously, the complexity of compensation cases remaining to be adjudicated is increasing. This is because employees are given incentives to maximize the number of cases adjudicated. As a result, easier cases are adjudicated first and more complex cases are either put aside or adjudicated improperly. In the latter instances, added personnel resources are misused as these misadjudicated casesare moved along the VA appelate process until properly decided.

Before concluding this part of our statement it is worth noting the savings resulting from further decline in utilization of education and training readjustment benefits. The Administration's budget estimates a savings from fiscal 1986 amounting to $156.4 million. Taken together with the home loan program savings, DVB alone is responsible for over $550 million in savings in Fiscal Year 1987.

Finally, we recommend that this committee provide sufficient funding for VA to maintain a specific personnel level in DVB below which VA should be expressly prohibited from breaching. This action would be similar to what was required by this committee last year regarding health personnel ceilings in the Department of Medicine and Surgery. A similar personnel ceiling for DVB would also afford ample time and personnel level stability to properly assess actual DVB needs.

VETERANS JOB TRAINING

The Veterans Job Training Act (VJTA), funded by VA and administered by the Department of Labor, was extended last January, P.L. 99-238, at an authorized rate of $65 million. Since then, both the House and Senate Veterans Affairs Committees, in their respective reports to the Budget Committees, have recommended this funding be provided in fiscal 1986 supplemental appropriations.

The American Legion recognizes and appreciates this committee's leadership in providing a $35 million transfer of funds for this program from the VA's minor construction account is H.R. 4515. However, we believe funding equal to that authorized last year is appropriate. If for any reason H.R. 4515 fails to be passed or enacted, we look forward to your continued support for this program.

In that regard, this particular program is among those most often misunderstood. When first established, it was titled Emergency Veterans Job Training program. It was given this title because of extraordinarily high unemployment levels among Veterans during the nation's most recent recession. It has always been and continues to be the Legion's view, however, that this kind of program has always been and continues to be needed by job ready but displaced Vietnam era and Korean conflict veterans. To have named the program for the economic exigency enabling its enactment rather than for its genuine merits was a mistake. The "emergency" stemming from recession has passed, but the need for this program remains.

DEPARTMENT OF MEDICINE AND SURGERY

The American Legion is very much aware that the most sensitive area of the Veterans Administration Budget is the medical care program. The reason for this is that unlike the entitlement programs that are statutory in nature, the strength and efficacy of the medical care program depends directly on the appropriation of funds by Congress.

The Administration's proposal for medical programs for Fiscal Year 1987 is slightly over $9.3 billion, representing 36.5 percent of the total VA Budget. This represents a decrease of more than $25 million below the current fiscal year funding.

Direct medical care consumes the largest part of this funding at slightly over $9 billion. Under this proposal the funding for direct medical care would be decreased by over $46 million below the Fiscal Year 1986 level, which was decreased by $117.6 million due to Gramm-Rudman. Thus the proposed medical care funding for Fiscal Year 1987 is actually $161.6 million below the amount that was included in the original Fiscal Year 1986 budget.

Medical care funding over the past several years has been increased only marginally, and has not kept up with the rate of inflation. The proposed reduction in funding would severely hamper the ability of VA to provide quality health care to veterans.

The Administration's budget also includes a net personnel reduction of 7,542 FTEE in medical care. The Gramm-Rudman adjustment in Fiscal Year 1987 effected a reduction of 1,306 for a total proposed loss of 8,848 over the original employment level for Fiscal Year 1986.

As this committee knows, VA is required by statute to maintain a specified level of operating beds. Unfortunately, many VA medical centers are unable to do so other than on paper. Shortages of staffing and inadequte incentives to recruit and retain health personnel have forced many medical centers to shut down entire treatment units. From what we can gather from Legion Field Service medical center site visits, we strongly suspect this is the reason VA has so many facilities with high bed vacancy rates. The beds are simply operational on paper, but closed in reality. This, in our judgement, also explains why, according to VA's own statistics, 37,000 veterans are turned away from VA each month.

Because of the anomaly of low occupancy rates, high turn-away rates and staffing shortages, the House Veterans Affairs Committee is undertaking a survey of all VA medical centers to determine how these problems might be best addressed. In lieu of this determination,VA must be provided with sufficient funding to prevent exacerbating these problems.

The American Legion strongly urges the Subcommittee to restore 8,848 FTEE over the level proposed by the Administration, and add approximately $355 million in budget authority over the proposed medical care account to support these FTEE in Fiscal Year 1987. Although this restoration would not repair all of the damage that has been done, it would bring the staffing level up to Fiscal Years 1985 and 1986 (pre - Gramm-Rudman) staffing. This addition would place medical care staffing at 193,941 FTEE. This is the level at which the Appropriations Committees decided funds should be appropriated during the current year, and in Fiscal Year 1985.

The proposed maintenance of average operating beds in the VA system reflects a loss of 2,700 acute care beds, no change in domiciliary beds and an increase of 500 nursing home beds, for a net loss of 2,200 beds.

The number of acute care beds within the system has continually eroded over the past several years, despite the precautionary statements presented by The American Legion that there should be no further reductions. Since Fiscal Year 1981,4,900 acute care beds have been eliminated - and that does not include the decrease of 2,700 beds proposed for Fiscal Year 1987. As we have stated, this is a particularly bad time to be eliminating acute care beds, when aging veterans are increasingly experiencing catastrophic illnesses. Older persons almost always require treatment for an acute episode prior to the need for long-term care. It is obvious that there is a need for more long-term care beds in the system. However, that does not connote a decreasing need for acute care beds. The VA medical care system must maintain a substantial number of acute care beds if it is to retain its ability to meet the full mix of treatment needs required of it by its primary mission, and its ability to fulfill the agency's assigned mission as the principal contingency back-up to the Armed Forces medical programs in case of a national emergency or an outbreak of hostilities.

We are supportive of the proposed increase of 500 nursing care beds, which brings the system-wide total to 11,700. Nursing care beds in the VA system are always in demand, and there is usually a waiting list. A consistent increase in nursing care beds is strongly indicated.

We note that the beneficiary travel program is targeted for a reduction of over $95 million, and the program is to be "reformed" to provide reimbursement only for emergency transportation such as ambulances, air ambulances and wheelchair vans. We are extremely concerned that this will prohibit many poor veterans who do not reside near a VA facility from receiving needed medical care.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

An increase of $21.5 million, up to $42.4 million is proposed for grants for construction of State Extended Care Facilities. This constitutes a 100% increase over fiscal 1986 and on the surface suggests VA has made a policy decision to rely more heavily on state homes for the extended care needs of the aging veteran. On closer examination it is unfortunate to conclude that no such policy decision has been made at all. This is evident in the fact that state homes are slated for a mere $5.9 million increase over Fiscal Year 1985. If a new policy has been decided upon, sufficient resources are needed to carry it out.

As of May 1985, there was a total of 47 state facilities and three annexes located in 34 states. The Fiscal Year 1987 request will provide for four projects producing 120 nursing home, 126 convertible and 150 domiciliary beds, as well as 12 non-bed producing renovation projects in eight states. On the other hand, there is a backlog of 68 state project requests for grants of over $138 million. At the present pace of funding these grant requests from states for state home matching funds may be delayed for several years or more and this is troubling. Many states with budget surpluses today may be forced to withdraw their requests in the future, at a time when extended care facilities will be desperately needed by veterans and nonveterans alike.

In that regard, veterans over the age of 65 will increase from the current 3.5 million to 9 million by 1990. In the year 2000, 2 of every 3 male citizens over age 65 will be veterans. In 1984, 17,187 veterans with an average age of 70.3 years were treated in VA nursing homes. The same year, state homes had an average daily census of 7,467 nursing homes, 4,401 domiciliary and 514 hospital patients. Unless something is done soon, this will be inadequate in the years ahead.

Under the circumstances, veterans forced to rely on the private sector in the absence of VA or state veterans nursing homes will fare no better. HHS estimates that the population of nursing home residents could increase by 54 percent by the year 2000. With only 19,000 private sector nursing homes supplying 1.4 million beds at the present time, it is estimated that an additional 1.2 million beds will be needed. Since 54% of all nursing home care in the private sector is paid for by public funds (usually Medicaid), unless something is done the cost to the federal government can be expected to skyrocket.

MEDICAL CONSTRUCTION

The Administration's Budget recommends a reduction in the medical construction program of $331.9 million, down to $415.5 million, for Fiscal Year 1987. That figure includes $57 million of prior budget authority that is being reprogrammed from the major working reserve. In our view, this is insufficient.

The projects that are included in the major construction proposal are a replacement medical center in Baltimore; a replacement medical center in Augusta, GA; bed replacement and modernization at the Dayton, Ohio VAMC; fire and safety improvements at Wood, WI; environmental improvements, patient and nursing home care buildings at North Chicago; outpatient, clinical and nursing unit addition, Salem, VA; geropsychiatric building, Salisbury, NC; electrical distribution, Salt Lake City, renovate buildings 10 and 90, Waco, TX; and a research and education building, White River Junction, VT.

We must say that we are extremely pleased that the Administration has finally come around to the point of view that has been esposed by The American Legion since the mid 1970's with respect to the need for a replacement hospital in Baltimore.

We are extremely concerned about the Administration's "plan for the future" that dictates no new independent nursing home care unit construction, and greater reliance on State Veteran Homes and community nursing homes. The nursing care formula currently in use consists of 40% VA, 40% State Homes and 20% private sector nursing homes. The new plan calls for 30% VA, 40% State Homes, and 30% private sector facilities. As stated in the State Extended Care Facilities section of this statement, the private sector cannot be relied upon.

As for the replacement and renovation projects scheduled for Fiscal Year 1987, it is distressing to see that only two replacement hospitals are included in this projection.

Mr. Chairman, The American Legion urges the Subcommittee to consider restoration of at least $35 million in order to provide for a number of high priority medical construction projects that were scheduled for Fiscal Year 1987. These projects include examples such as nursing home units at the Hampton, Viriginia and Tampa, Florida VA Medical Centers; and site aquisition for a VA hospital in Palm Beach County, Florida. In addition, the funds would be available for the most critically needed facilities in order that a reasonable rate of replacement and renovation may continue.

VETERANS ADMINISTRATION

WITNESS

L. THOMPSON BOWLES, M.D., PH.D., DEAN FOR ACADEMIC AFFAIRS, GEORGE WASHINGTON UNIVERSITY SCHOOL OF MEDICINE AND HEALTH SCIENCES, REPRESENTING THE ASSOCIATION OF AMERICAN MEDICAL COLLEGES

Mr. GREEN. Next, Dr. L. Thompson Bowles.

We will put your full statement in the record. You may proceed.

Mr. BOWLES. I am Dr. L. Thompson Bowles, Dean for Academic Affairs of the George Washington University School of Medicine and Health Sciences.

I appreciate the opportunity to appear before you today to present the views of the Association of American Medical Colleges on fiscal year 1987 appropriations for medical programs of the Veterans Administration.

With your permission, I would like to summarize my statement and submit the full version for the record.

My interests and those of the Association in the VA's medical care programs stem from the highly productive relationships that have developed between the country's medical schools and the VA hospitals since the end of World War II.

Affiliation agreements encompassing patient care, medical education and research are now in force between 101 medical schools and 137 of the VA's medical centers. The Association clearly recognizes the financial difficulties plaguing our government today and understands that the ever-increasing budget deficit must be reduced. However, by the same token, we are aware of the extreme sacrifices of the veterans who laid their lives on the line to protect our country.

The Association firmly believes that we cannot and must not attempt to balance the budget on the backs of these veterans. Somehow, money must be found to keep the VA medical program alive and responsive to the inevitably growing demand for VA health care services in the coming decades. Increasingly, the needs of the veteran population differ from those of the general public in that the majority of veterans are self-referred for hospital care and present multiple medical problems, and many are at or below poverty levels, a reality that complicates post-hospitalization care.

Additionally, the veteran population is growing older. By the year 2000, 37 percent of all veterans will be 65 years of age or older, and 16 percent will be 75 or over. Older patients require and consume relatively more health services and rarely have a viable alternative to hospital care. With these demographics in mind, the AAMC was deeply concerned to learn that the President's budget calls for substantial funding and personnel reductions in the VA's medical program in fiscal year 1987.

Funding levels for medical care—which have not increased in real terms for nine years—would be reduced by two percent from 1986 appropriations level, despite the escalating costs of providing health care in the modern age.

The Administration also proposes to reduce the VA's staffing levels by one percent each year for the next five years in what is paradoxically called "productivity increases." In 1987 alone, the total reduction would be an alarming 10,000 employees. Additionally, as a result of a new proposal to treat fewer "low priority" veterans, the Administration would cut personnel levels by another 7,000 employees.

These proposals, when coupled with the recently-enacted means test, and the possibility of future Gramm-Rudman-Hollings sequestrations, raises the real possibility of a significant shrinkage of the VA medical care system and reduced quality of care at a time when the VA's medical mission should be increased to meet growing demands.

The AAMC is also concerned over several other proposals in the Administration's VA budget. The already low VA staffing ratio of employees per census would increase slightly to 2.86—that is, employees per patient, although the comparable ratio in non-federal hospitals is much higher, averaging 3.78 in 1984.

The Administration would allow only a modest $277,000 increase for the VA's ten Geriatric Research, Education and Clinical Centers, despite recently enacted legislation that calls for an expansion in the number of GRECCs from ten to 25. This program should be bolstered substantially because of its unique role in developing innovative approaches to geriatrics.

The VA's renowned medical and prosthetic research budget, which has not increased in constant dollars for the past 12 years, would be decreased under the President's budget, and 147 employees and a number of meritorious research projects would be terminated.

Given that the Administration has proposed a significant 25 percent increase for Defense R&D and a 17 percent increase for R&D government-wide in fiscal year 1987, the AAMC believes that the proposed reductions in the VA's research budget are unfair and would thwart its ability to keep pace with the increasing costs and complexities of conducting biomedical research in the 1980's.

The Administration has proposed a 40 percent reduction for the VA's major construction projects, and a 22 percent cut for minor projects from 1986 appropriated levels, which undoubtedly will delay much-needed construction, and renovation and replacement projects in certain areas, and threaten the VA's ability to deliver quality medical care in the coming decades.

In conclusion, the Association would strongly urge this Subcommittee to continue its lead in ensuring the continued health and vitality of the VA's medical care enterprise.

To accomplish this, the AAMC would recommend that the VA's fiscal year 1987 appropriation include $9.7 billion for the medical care program and $193.5 million for the research program, which is current services based on pre-Gramm-Rudman-Hollings 1986 levels.

For construction, we recommend sufficient funding levels and flexibility to allow the VA to at least replace or renovate obsolete VA medical facilities.

Mr. Chairman, this concludes my statement, and I would be pleased to answer any questions you may have.

[The statement of L. Thompson Bowles follows:]

STATEMENT

OF THE

ASSOCIATION OF AMERICAN MEDICAL COLLEGES

on the

FY 1987 Appropriations for the
Department of Medicine and Surgery
of the Veterans Administration

May 7, 1986

Submitted to the House Appropriations Subcommittee on HUD-Independent Agencies for its hearing on FY 1987 appropriations for the Veterans Administration. Oral testimony presented by L. Thompson Bowles, M.D., Ph.D., Dean for Academic Affairs, George Washington University School of Medicine and Health Sciences, May 7, 1986.

aamc

Association of American Medical Colleges / One Dupont Circle, N.W. / Washington, D.C. 20036 / (202) 828-0525

The Association of American Medical Colleges (AAMC) appreciates the opportunity to submit its views to this Subcommittee for its consideration of FY 1987 appropriations for the Veterans Administration (VA). Since its founding in 1876, the Association has steadily expanded so that today it represents the whole complex of individual organizations and institutions charged with the undergraduate and graduate education of physicians. It serves as the national voice for 127 accredited medical schools and their students; 82 professional and academic societies, and 435 teaching hospitals, including 72 VA hospitals.

Currently, affiliation agreements are in force between 101 medical schools and 133 of the VA's 172 medical centers. The medical schools have assumed responsibility for operating the graduate medical education programs, i.e., residency programs, of the VA; as such, most of the senior professional staff of the affiliated VA hospitals have been recruited by, and been tendered faculty appointments in, the affiliated medical schools. The Association firmly believes that these mutually rewarding affiliations that have been in force since the end of World War II have made significant contributions to the health care of veterans as well as the rest of America's citizens. Jointly, the two entities conduct vital research programs in areas of specific importance to the veteran population, but also of considerable applicability outside the VA medical system. Veterans are the ultimate winners in this situation, as they can expect the highest quality of health care.

Unfortunately, these high expectations on the part of our nation's veterans may soon fade. The President's FY 1987 budget request for the medical care programs of the VA contains sharp reductions in current services as well as strict limits on future growth, despite the rapidly aging veteran population which will likely require and consume relatively more health care services. The AAMC, as well as almost every American, is aware of the financial difficulties plaguing our government today and recognizes that the ever-increasing federal budget deficit must be dealt with. However, by the same token, we are all very aware of the extreme sacrifices of the veterans who laid their lives on the line to protect our country. The Association firmly believes that we cannot and must not attempt to balance the budget on the backs of these veterans, an increasing number of whom are elderly and indigent. Somehow, money must be found to keep the VA medical program alive and responsive to the anticipated growing demands on the VA for health care services in the coming decades.

Medical Care

The Association was deeply disturbed to learn that the President has requested only $9.1 billion in FY 1987 for the VA's medical care program---$172 million, or 2 percent less than the level appropriated by Congress in FY 1986. In constant dollars, the VA medical care budget has not increased in 9 years, despite the escalating costs of providing health care over this period.

Perhaps even more alarming than the funding reductions, however, are proposals within the Administration's budget that would drastically reduce the number of health care professionals within the VA medical system. This year's budget request continues a disturbing proposal that began last year to impose a "productivity assessment" that will result in an annual one percent reduction in the VA's full-time-employee-equivalent (FTEE) complement for each of the next 5 years. The implicit policy is that productivity can be increased and personnel therefore can be reduced; whether or not the assumption is borne out by the facts, employment reductions consonant with it will be effected. This policy is expected to result in a total personnel loss by FY 1991 of 10,000 FTEEs, over and above the 1,306 FTEEs lost in FY 1986 due to Gramm-Rudman-Hollings sequestrations. The Association agrees with former VA Administrator Harry Walters that this productivity assessment "will ultimately result in a reduced quality of medical care" for our nation's veterans. At a time when the demand for VA medical care is expected to rise significantly until the year 2000, this Administration would take away the human resources that are necessary to provide that care.

Another proposal contained in the President's budget documents is one that proposes to treat fewer "low priority" veterans by curtailing medical services for veterans with non-service-connected disabilities. In FY 1987 alone, it is expected to produce "savings" of $351 million and to reduce VA medical personnel by another 7,000 FTEEs, while turning away 62,000 in-patient and 1.3 million out-patients from VA hospitals. This drastic proposal, when coupled with the means test recently enacted by Congress, raises the real possibility of a massive shrinkage of the VA medical care system. Many VA officials have predicted all of these reductions---the productivity assessment, the new means test, and possible future sequestrations of VA funding and manpower if Gramm-Rudman-Hollings prevails over the next five years---will result in significant mission changes for the VA, and may force the consolidation or even closure of some VA medical centers. The Association is deeply concerned that such mission changes will result in a significant diminution of the quality of VA medical care and may serve to thwart the substantial gains and growth the VA has enjoyed since the end of World War II.

The AAMC has other concerns regarding the impact of the proposed budget for VA medical care:

- The Administration's budget documents indicate that the staffing ratio of FTEEs per census in the medical bed sections of VA medical centers will increase by a scant .02 percent to a ratio of 2.86 in FY 1987. Even with this slight increase, the FTEE/census ratio in VA hospitals is still substantially lower than that in non-federal hospitals, which averaged 3.78 in 1984.

- The President's budget also contains a proposal to convert approximately 59 acute care beds to nursing home care beds, with concommitant reductions in expenditures and personnel, respectively, of $2.4 million and 70 FTEEs in FY 1987. This proposal reportedly is the first step in a 5-year effort to convert approximately 1400 actue care beds to long-term care beds by the year 1991. Though the AAMC recognizes the growing need for chronic care beds to accommodate the growing aging veteran population, we do not believe that it should be at the expense of the VA's acute bed capacity. The latter is not only critical to meeting current needs of the veteran population as discussed above, but also as an important back-up to our nation's military program. In light of the President's strong support for substantial increases for the Department of Defense, surely the VA's medical system could be viewed as delayed defense expenditures and should be spared the types of reductions that have been proposed.

- The FY 1987 budget request also contains only a modest increase of $277,000 and 1 FTEE to continue vital training and research at the VA's 10 Geriatric Research, Education and Clinical Centers (GRECCs), although Public Law 99-166 signed into law on December 3, 1985 mandated that the number of GRECCs be expanded to 25. The AAMC agrees with Congress' intent that this program should be expanded substantially, as it plays a significant role in developing innovative approaches to caring for the elderly and has encouraged many health care professionals to specialize in geriatric medicine, research and education. As the veteran population rapidly ages, there will be a great need for further research in such areas as Alzheimer's and Parkinson's diseases, the cardiomyopathy of aging, and age-related modifications in glucose-insulin metabolism, to name but a few.

The AAMC strongly recommends that the VA's medical care budget be funded at $9.7 billion in FY 1987, which essentially is current services based on 1986 pre-Gramm-Rudman-Hollings levels. We believe that this recommendation is prudent given the fact that all sources predict that the VA will face its biggest challenge ever in meeting the demands of aging veterans who require and consume relatively more health services but rarely have viable atlernatives to hospital care.

Education and Training

The AAMC is heartened that the Administration has not requested reductions in the VA's medical education and training program for FY 1987. The budget request proposes a funding level of $226 million for medical housestaff positions for the 1986-87 academic year. This level represents an increase of $8.6 million and 215 housestaff positions from the previous academic year, an important increase given the fact that the Administration had proposed susbstantial reductions in this program in its FY 1986 budget request. The Association wholeheartedly supports the education and training funding levels contained in the Administration's request.

Medical and Prosthetic Research

The medical research conducted by the VA represents a unique Federal intramural program in which clinician investigators focus on research questions directly relevant to the health problems of veteran patients. This research and development program of the VA complements the medical care and education components of the VA's three-pronged effort to improve and maintain the quality of health care provided to veterans.

Despite the importance and renown of this program, the Administration has once again proposed a reduction in the medical and prosthetic research account to $188.9 million in FY 1987, a reduction of $350,000 from 1986 appropropriated levels. Although the President's request would restore some of the cuts resulting from FY 1986 Gramm-Rudman-Hollings sequestrations, the proposed funding level would terminate support for 147 FTEEs and an as-yet undetermined number of research projects. The AAMC is distressed by this proposed reduction in VA research funding, particularly since the program has not increased in real terms for the past 12 years. The plight of the VA's research budget becomes even more poignant when one considers that the President's FY 1987 budget request proposes a substantial 25 percent increase for the R&D budget of the Department of Defense and a 17 percent increase for R&D government-wide.

The VA research enterprise is a vitally important national resource, one that has already sustained more than its fair share of retrenchments over the last decade. Thus, the AAMC urges that the Subcommittee approve at least a current services budget for the VA's medical and prosthetic research account. A current services level, based on 1986 pre-Gramm-Rudman-Hollings appropriations, would provide the VA with $193.5 million in FY 1987, allow the VA to keep pace with the increasing costs and complexities of conducting biomedical research in the modern age, and insure continued VA participation in the current revolution in biomedical research.

Construction

The quality of health care delivered to veterans is heavily dependent on the availability of up-to-date facilities and equipment; it is difficult to maintain high esprit de corps in ramshackle surroundings. Despite the essentiality of adequate facilities, however, the President has proposed a whopping 40 percent reduction in the VA's major construction program, and a 22 percent cut for minor projects. Such drastic cutbacks undoubtedly will delay much needed renovation and replacement projects in certain geographic areas and therefore threaten the VA's ability to maintain the staff morale so essential for quality health care.

The VA's 1984 report entitled "Caring for the Older Veteran," projects that "construction to meet all of the estimated 1990 service needs would require an increase of up to 140 percent in VA hospital beds, and an increase of up to 101 percent in VA-operated long-term beds during the five years after 1995." The Association believes that these projections on the magnitude of need in the coming decade mandates that sufficient funding and flexibility be provided to the VA to at least replace or renovate obsolete VA medical facilities.

Conclusion

There is no doubt that the veterans of this Nation rely heavily on the VA for high-quality medical care. Of necessity, this reliance requires the support of adequate numbers of staff, the maintenance of a viable biomedical research program, the provision of up-to-date facilities and equipment, and sufficient funding to make it all work. The AAMC urges this Subcommittee to once again take the lead in ensuring the continued health of the VA's medical care enterprise, and to approve an FY 1987 appropriation that reflects its continued commitment to this especially deserving population.

Mr. GREEN. I gather that your members feel that this relationship is a useful two-way street, that they are getting benefits and the veterans, obviously, are getting benefits.

Mr. BOWLES. We do, sir.

The medical schools are able to participate in a very cooperative enterprise with the VA system to the benefit of the veterans of the United States and to the benefit of the research and education programs of the future doctors of America. Yes.

Mr. GREEN. Thank you very much for your testimony.

Mr. BOWLES. Yes. Thank you.

VETERANS ADMINISTRATION

WITNESS

STEPHEN L. EDMISTON, DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. GREEN. Stephen L. Edmiston from the DAV. We will place your full statement in the record, and you may proceed as you wish.

Mr. EDMISTON. Thank you, Mr. Green.

On behalf of the more than one million members of the DAV, I want to thank you for allowing us this opportunity to discuss the budget request for the VA for fiscal year 1987.

As I have noted in my written statement to the Subcommittee, the DAV is seriously concerned that, due to past negative funding of the VA health care system, continued quality medical care at each and every VA medical facility has been grossly jeopardized.

This afternoon, I can tell you that lack of quality medical care and, in fact, the lack of availability of VA medical care for service-connected veterans, is becoming more and more common place throughout the VA health care system.

Furthermore, we have been informed that in some VA medical centers, so-called over the counter or nonprescription items and medications will no longer be provided to veterans.

Maybe to some that may not seem unreasonable, but what of a World War II veteran who suffers periodic episodes of osteomylitus of the leg due to a gun shot wound suffered in combat?

That veteran is now told that he must purchase salve and dressings that he requires to treat his service-connected disability from a commercial pharmacy. Such actions by the VA to reduce costs could very well lead to such things as telling veterans who receive their life-saving insulin from VA pharmacies that they must purchase their own syringes.

The story does not stop there.

Recently, the DAV wanted to learn how long veterans were on waiting lists for nursing home care. We learned that veterans were on such lists for as long as one to three years and in some cases even longer. However, as we also discovered, in some areas nursing home care waiting lists miraculously went from 35 names to none overnight, and in other areas the waiting lists were very short because VA was discouraging patients from applying. Contrary to the fundamental principle that service-connected veterans receive priority consideration from the VA, they are being turned away without that care in growing numbers, and in many more instances they are being forced to run a humiliating gauntlet of intimidation, indifference, and outright abuse before they finally receive care.

For example, we have learned of a veteran who was totally disabled due to a service-connected heart problem. He suffered a heart attack and was rushed to the nearest hospital which happened to be a military hospital.

When his condition had stabilized the VA was contacted to arrange the transfer, but the VA said they had no available beds. Because the veteran required more sophisticated cardiac care than the military hospital could provide, he was transferred to a local county medical facility who subsequently also contacted the VA, seeking to transfer the veteran to the VA hospital. Again the VA informed the county hospital that no beds were available. Unfortunately, this veteran died without receiving VA care, the worst part of the story is that the veteran survivors are now wondering how long it will be until that hospital bill is paid by the VA.

I certainly don't want anyone to misunderstand the intent of our testimony this afternoon.

The vast majority of VA employees are dedicated professionals. The vast majority of eligible service-connected veterans who are seeking care from the VA receive that care, and they receive it from cheerful, competent and helpful employees, but too many tales of VA patient frustration and fear are coming out of the VA these days. Too many services and too many VA hospitals are understaffed and over worked. As a result, too many shortcuts are being taken and to many chances for error are cropping up.

The VA, which has operated for years on the premise that they could make do with less, is now in the process of losing that battle.

The juggling act of providing quality health care, even as funds have diminished, has come crashing down around the system's shoulders.

Mr. Chairman, the DAV would strongly urge that the Subcommittee favorably recommend to the full House levels of funding in the HUD-Independent Agencies appropriations bill, levels of funding for the VA health care system that would truly meet the needs of the program.

Again, I would like to thank you for providing us this opportunity to appear this afternoon.

Mr. GREEN. My office notes some of the problems you address in your testimony. They have firsthand experience of it and I thank you for your testimony.

Mr. EDMISTON. Thank you.

[The statement of Stephen L. Edmiston follows:]

STATEMENT OF
STEPHEN L. EDMISTON
DEPUTY NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES
OF THE
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
MAY 7, 1986

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than one million members of the Disabled American Veterans and its Ladies Auxiliary, I am pleased to have this opportunity to discuss the budget request for the Veterans Administration for Fiscal Year 1987.

Let me begin by thanking you, Mr. Chairman, and the members of the Subcommittee for permitting us to present our views on the Fiscal Year 1987 VA budget request prior to completing your work on the Fiscal Year 1987 HUD and Independent Agencies Appropriations measure.

Before specifically addressing the VA's proposed Fiscal Year 1987 budget request, Mr. Chairman, we believe that it is important to point out that the obvious driving force that has shaped this budget is the Gramm/Rudman/Hollings balanced budget amendment. Not only has Gramm/Rudman/Hollings influenced the make up of the Fiscal Year 1987 budget request, it has also inflicted direct benefit reductions on deserving service-connected disabled veterans, their dependents and survivors in the current Fiscal Year.

Therefore, as the Subcommittee considers the VA's Fiscal Year 1987 Budget Proposal, we urge you to fully consider taking appropriate actions to insure that VA programs and benefits that impact directly upon service-connected disabled veterans and their families are protected from the provisions of Gramm/Rudman/Hollings.

As you know, Mr. Chairman, on behalf of the Veterans Administration, the President is requesting $26.6 billion in budget authority to administer the various programs and services for millions of our nation's veterans and their families in Fiscal Year 1987.

In budget authority, the VA request is approximately $408 million below the Fiscal Year 1986 level, primarily due to so called "projected savings" that include:

* staffing reductions of more than 8,900 health care professionals;
* a substantial decrease in the number of veterans treated as inpatients and outpatients;
* substantial reduction in construction funds;
* an incremental increase from 1% to 3.8% in the user fee charged to VA guaranteed home loans;
* seeking no funding for the Veterans Job Training Program;
* repealing the VA's authority to grant education loans;
* closing the all volunteer force GI Bill to new enrollees;
* a change in eligibility criteria for the VA plot allowance.

Overall, Mr. Chairman, these projected savings, coupled with other budget proposals and the Gramm/Rudman/Hollings sequestering order that became effective March 1, 1986, clearly jeopardize the VA's ability to provide continued quality care at every medical facility in the VA health care system.

Medical Care

The Fiscal Year 1987 budget request calls for an overall decrease in funding in the VA's medical care account of $46.1 million below the Fiscal Year 1986 level.

At first glance, Mr. Chairman, it would appear that the funding reduction for VA medical care is quite small, however, when looking beneath the surface and examining the budget documents for the VA's medical care funding proposal, one can discern an entirely different picture.

For example, the VA proposes to:

- treat fewer "low priority" veterans;
- reduce medical care personnel by 1%; and
- nearly eliminate beneficiary travel.

By so doing, VA claims it can reduce the number of medical care personnel by more than 8,900 and save over $500 million.

The loss of more than 8,900 medical care personnel translates into the loss of more than 1,300 nurses and 500 doctors and dentists, as well as other health care personnel involved in direct patient care.

As a result, the VA will treat fewer (so called) "low priority" veterans by 62,000 inpatient and 1.2 million outpatient visits, and further reduce the overall number of VA hospital and nursing home operating beds by approximately 3,000 from the Fiscal Year 1986 budget level.

Mr. Chairman, the President's proposed Fiscal Year 1987 VA budget request blatantly ignores the provisions of Section 5010(a)(1), Title 38, USC -- "The President shall include in the budget transmitted to the Congress for each fiscal year pursuant to section 1105 of title 31, an amount for medical care and amounts for construction sufficient to enable the Veterans' Administration to operate and maintain a total of not less than 90,000 hospital and nursing home beds in accordance with this paragraph ..." (emphasis added)

The budget documents reveal that during Fiscal Year 1986 the VA will operate at least 900 beds below the statutory requirements and will seek to further circumvent the law by operating 4,000 fewer beds than the law requires in Fiscal Year 1987 ... while at the same time proposing to cancel all new VA nursing home construction.

We must question, Mr. Chairman, why the VA (or OMB) is seeking such drastic reductions in VA medical care funding when their own statistics reveal they are turning away more than 30,000 eligible veterans who are seeking VA health care services each month.

In the past OMB has made it perfectly clear that it would like "to shrink the size of the system" -- but is this OMB's real effort or does it want to simply destroy the VA health care system?

As you know, Mr. Chairman, the VA health care system has been on a serious decline for a number of years due to negative (deflated) funding. The proposed Fiscal Year 1987 medical care budget request only exacerbates this chronic state that has existed for more than a decade.

Reduced medical care funding, coupled with such proposals as drastic reductions in health care personnel, decreasing the number of veterans treated, elimination of most beneficiary travel funds, reducing the number of available beds and providing no new funding for the Health Professional Scholarship Program, only serve to jeopardize the quality of health care provided at each and every VA medical facility.

We note, Mr. Chairman, that the VA is again proposing legislation to (1) repeal section 610(a), Title 38, USC -- providing eligibility for hospital or nursing home care for a nonservice-connected disability if the veteran is 65 years of age or older -- (2) establishing a means test for certain categories of veterans without service-connected disabilities and (3) provide authority for the VA to collect reimbursements from private health insurers of nonservice-connected veterans receiving VA health care services.

These legislative proposals, as you know, Mr. Chairman, were addressed by the House and Senate Veterans' Affairs Committees and are currently part of the Consolidated Omnibus Budget Reconciliation Act of 1985 (H.R. 3128) -- now Public Law 99-272.

For the record, Mr. Chairman, the DAV does support the medical care eligibility changes in Public Law 99-272. These provisions, in our view, are a significant step to strengthen and enhance health care for all service-connected disabled veterans.

With respect to the proposal to authorize the VA to collect reimbursements from private health insurers -- as proposed by the VA and contained in Public Law 99-272 -- the DAV remains unconvinced the VA will in fact receive revenue in excess of the administrative costs of implementing and collecting these payments.

Mr. Chairman, we encourage you, and the members of the Subcommittee, to carefully scrutinize the Fiscal Year 1987 funding levels proposed for the VA medical care program. We believe such scrutiny will lead you to recommend realistic levels of funding (unlike that proposed by the President) that will acknowledge the importance of providing timely, quality medical care services to our nation's eligible veterans. Such levels of funding, as you know, have been recommended for VA medical care by the House Veterans Affairs Committee in their Fiscal Year 1987 Report to the Committee on the Budget -- which we encourage this Subcommittee to emulate.

Construction

The VA's Fiscal Year 1987 construction request is $465 million, some $332 million below the $797 million Fiscal Year 1986 level.

Mr. Chairman, while we support full funding of the VA's request for construction programs we are, quite frankly, seriously concerned that this type of construction request fails to adequately address the needs of the aging capital plant of the VA health care system.

Furthermore, while more and more elderly veterans are seeking nursing home care from the VA, this construction request reflects a new OMB mandated policy which directs the VA to shift the responsibility for VA nursing home care to state and community nursing facilities. As a result all new VA nursing home projects have been proposed to be cancelled.

The VA's Fiscal Year 1987 budget request does contain, however, a $21.5 million increase (over the Fiscal Year 1986 level) in grants for construction of state extended care facilities. The VA's request of $42.4 million will provide for an additional 120 nursing home care beds, 126 convertible domiciliary/nursing home beds and 150 domiciliary beds.

As you know, Mr. Chairman, this particular federal/state sharing program has been a tremendous success in terms of encouraging states to actively participate in the nation's commitment to providing quality care to her eligible veterans. However, the DAV does not believe the federal government should relinquish its primary responsibility for veterans health care -- especially in the nursing home care area.

Additionally, we have noted that the VA continues to reduce the number of medical, surgical and psychiatric beds, while at the same time providing modest increases in the number of intermediate and nursing home care beds, to include conversion of some existing hospital beds to nursing home care beds.

While the DAV does not object to some realignment of operating beds we trust an appropriate balance will be maintained to meet the acute, intermediate and long term health care needs of all eligible veterans.

Mr. Chairman, the VA construction request for Fiscal Year 1987 simply does not go far enough to allow the VA to accomplish what must be done if the health care system capital plant -- which represents a multi-billion dollar investment on the part of the American taxpayer -- is to remain viable.

Proposed Legislation

The Administration's Fiscal Year 1987 budget request proposes legislation, in addition to that which I have previously discussed, that would (1) provide an increase of 3.7% in the rates of Disability Compensation and Dependency and Indemnity Compensation (DIC) effective December 1, 1986; (2) increase the loan origination fee incrementally from 1% to 3.8% by 1990; (3) change eligibility for the plot allowance so that it would be the same as the burial allowance; (4) repeal the VA's authority to make education loans; and (5) close the All Volunteer Force GI Bill to new enrollees and reopen the Post Vietnam Era Education Program.

The DAV is pleased with the Administration's proposed cost of living adjustment in the rates of Disability Compensation and DIC benefits -- in recognition of the special consideration service-connected disabled veterans and their survivors should be given.

Accordingly, Mr. Chairman, the DAV supports the enactment of legislation that would provide disability compensation and DIC recipients with a cost of living adjustment in line with the rise in the Consumer Price Index effective December 1, 1986.

As noted, the Administration has again proposed increasing the home loan guarantee program users' fee incrementally from 1% to 3.8% by 1990.

We believe the Subcommittee should carefully evaluate the adverse impact this proposal would have on Vietnam veterans, who are the primary beneficiaries of the program today and, should it be rejected, we respectfully request that the Department of Veterans Benefits be exempted from absorbing the funds associated with the proposed legislation.

As you know, Mr. Chairman, the House Veterans Affairs Committee's Fiscal Year 1987 recommendations for the VA does not include savings associated with the legislative changes recommended by the Administration to (1) change eligibility for the VA plot allowance, (2) cease education loans and (3) close the new GI Bill education program.

We urge the Subcommittee to also reject these proposals.

Conclusion

In closing, Mr. Chairman, in addition to the views we have already set forth with respect to the VA's proposed Fiscal Year 1987 budget request, I want to further emphasize and underscore our very serious concern for the VA health care system and the devastating effect the Administrations' budget (if approved as proposed) spells for those eligible veterans who rely on the system for medical care.

We urge the Subcommittee to favorably recommend to your colleagues in the U. S. House of Representatives levels of funding in the Fiscal Year 1987 HUD and Independent Agencies Appropriations bill that realistically and adequately address the needs of all programs administered by the VA.

Again, Mr. Chairman, I wish to thank you and the members of the Subcommittee for providing us this opportunity to express our views on this most important subject.

VETERANS ADMINISTRATION

WITNESS

FRANK DeGEORGE, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. **Green**. Frank DeGeorge for the PVA.

Mr. **DeGeorge**. Thank you, Mr. Chairman.

Mr. Powell, our President, could not be here this afternoon. He wanted me to definitely express his regrets, but also thank you, the Committee, and your staff, for the scrutiny that you provided the Veterans Administration budget and the support that they receive and, in turn, veterans receive from this Committee through the appropriations process.

Mr. **Green**. We will put your full statement in the record, so you can proceed informally, if you wish.

Mr. **DeGeorge**. Thank you.

On that note, I would like to deviate from my original intention of reading from my written oral presentation and if I may, express, how we feel about certain things over in the Paralyzed Veterans of America.

First of all, like all good red-blooded Americans, we agree we need to deal with the budget deficit and to secure cuts in programs as they pertain. However, the Paralyzed Veterans of America does not feel responsible for the budget deficit. We feel that the veterans have served. They have sacrificed. Their dependents have, in a sense, served and have sacrificed. So has the Veterans Administration.

Over the last ten years the Veterans budget has been a straight line budget without increases due to inflation, etc., with some regard for inflation.

Be that as it may, we feel that you have probably heard over and over again the wants and the needs of veterans, and that is probably for the most part, all you hear.

The Paralyzed Veterans of America has those same wants and needs as other veteran organizations and the same needs on behalf of the members, our membership. However, I want to bring to your attention on behalf of Mr. Powell and PVA, again, that we have made recommendations for budget cuts, and ways and means to reduce the budget, due to recommendations we have made through the Veterans Affairs Committees.

Some of those recommendations have been implemented and some have not.

An example: last year we, along with other veterans organizations, had the lead on Public Law 98-543 which is a program that helps and assists non-service-connected veterans to overcome work disincentives and become, hopefully, in the end result of the program, employees through VA education and vocational rehabilitation programs.

An illustration, again, of recommendations for where we recognize cuts is collocation of Veterans Admnistration regional offices and VA Medical Centers. PVA has identified 25 such sites that each of the sites are within 20 miles of each other where there is transportation provided. While the Veterans Affairs Committees are looking at this, we do recommend that you may also work with them to recognize this project for the future.

We were somewhat concerned that the Veterans Administration had not made any plans, or placed into its budget, this type of proposal to look at while they are, at the present, conducting studies.

Another area is that we definitely believe and agree in some areas with the Booz-Allen survey on construction programs for the VA. But we have also adamantly, over the years, suggested that criteria be developed by the Veterans Administration and prioritized construction projects so they themselves can live by their own criteria and recognize the need to get on with that program.

And, as we see it, the need for the construction project on into the future with the aging veteran population, there is also some need for space.

One other area where we do want to make a strong recommendation on the VA's proposed budget, also stating our displeasure with the Administration's budget at the same time, is that you provide the full time employee equivalency at the total rate of 193,941, which, I believe, this Committee has supported in the past. Unfortunately, the VA still has not adhered to that law.

We recommend that this figure be budgeted for fiscal year 1987. I would just like to say that a large concern. Finally, in two areas—COLA increases, we can live with across-the-board freezes as long as everybody is frozen. However, if one should receive the COLA increase, then most certainly the veterans deserve that same increase at the same rate and no less.

We would hope that you would agree with that.

Then again, finally, as I started to say a minute ago, it becomes a very large concern—and I am sure you recognize the problem—that funding is provided to programs for the VA, or any Federal agency for that matter, and then the funds are taken away; then, as a result, staffing levels are reduced within those agencies, and particularly the Veterans Administration, and then the funds are restored.

When the funds are restored they don't have the people to implement the program. We only bring to your attention that this is no way to run a ship, and it does put the VA at odds with the veterans, with the veterans' organizations, possibly with the Committees and Congress on the basis of what is expected from them and they can't produce.

Gramm-Rudman did that for one, but just the same, it is a problem, and it should be recognized as being a problem and it should be dealt with. Another example of that is the VA medical and prosthetics research program. And where it is concerned with research, especially with paralyzed veterans of America who all suffer from spinal cord injuries, research is an important aspect of receiving good medical care in the long run.

Hopefully, it will provide a cure and care for others who might not have to suffer the long-term trauma of being spinal cord injured.

On that note, I again want to thank you for the opportunity and the privilege to present on behalf of PVA and appearing here, and Mr. Powell would like to do the same.

Thank you very much.

Mr. **Green**. Thank you very much, Mr. DeGeorge.

[The statement of R. Jack Powell follows:]

PVA

PARALYZED VETERANS
OF AMERICA
Chartered by the Congress
of the United States

STATEMENT OF
R. JACK POWELL, EXECUTIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SUBCOMMITTEE ON HUD/INDEPENDENT AGENCIES
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
CONCERNING THE
PROPOSED FISCAL YEAR 1987 FUNDING FOR THE VETERANS ADMINISTRATION
MAY 7, 1986

Mr. Chairman and Members of the Subcommittee, I am R. Jack Powell, Executive Director of Paralyzed Veterans of America, and on behalf of the members of Paralyzed Veterans of America, a congressionally chartered veterans' service organization, I want to thank you for affording me the opportunity to appear here today.

PVA appreciates the Subcommittee's efforts to conduct hearings, and for being able to express our views and concerns regarding this most important issue, the proposed Fiscal Year 1987 funding for the Veterans Administration.

All of PVA's members are veterans who have experienced catastrophic spinal cord injury or dysfunction, and it is on behalf of these veterans who have considerable need and contact with the VA's Regional Offices and Medical Centers located throughout the United States that we present our views today.

Mr. Chairman, the President's budget proposal for the Veterans Administration for Fiscal Year 1987 is, without a doubt, the most deplorable attack on veterans and the programs and benefits which have been established to meet their needs. This budget proposal is more than an effort to curtail federal spending and reduce the deficit, it is an overt effort to eliminate veterans' benefits and preclude veterans' access to needed services, particularly in the the area of medical care.

The proposed budget purports to be a reduction of $408 million below the current year, including $234 million sequestered under the provisions of the "Balanced Budget and Emergency Deficit Control Act of 1985." However, upon examination of the proposals contained within the Fiscal Year 1987 VA budget, it becomes obvious that benefits and services for veterans will be reduced in excess of $1 billion. The budget proposal assumes the Veterans Administration will absorb the effects of inflation, the additional costs associated with cost-of-living increases in compensation, dependency and

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indemnity compensation (DIC), and pension, and salary increases for employees. All of these factors will drastically diminish the VA's capability to meet the requirements for adequately providing for veterans.

The Veterans Benefits and Services function of the federal government, as administered by the Veterans Administration, has increased by approximately 25 percent since 1980, with outlays rising form $21.2 billion to $26.4 billion in the 1987 budget request (House Budget Committee statistics). On the surface this amount may seem adequate, and compared to other nondefense related programs, veterans certainly have not fared as badly as most. Still, one must remember the mission of the VA, that being "to serve America's veterans and their families with dignity and compassion and to be their principal advocate in ensuring that they receive the care, support and recognition earned in service to this nation."

This they have attempted to do over the years, but recently veterans and certainly you, as members of Congress must be wondering if the role of the VA has not been usurped by a small band of pencil pushing, number crunching, Administration surrogates housed in the Office of Management and Budget, who without concern, save for squeezing a buck, coldly and dispassionately cut this program and that.

Mr. Chairman and Members of the Subcommittee, the most devastating single component of the Fiscal Year 1987 VA budget proposal is in the area of health care. No VA service provided to veterans is more critical or important to their well-being, and in many cases, their very survival, than health care. The callous proposal in the budget to reduce inpatient episodes of care by 57,354 and outpatient episodes of care by a staggering 1,114,000 is beyond comprehension.

The reductions in the number of inpatient and outpatient episodes is to be achieved by treating fewer "low priority veterans." The budget fails to define or identify who these veterans are and it assumes that the denial of care to these veterans will not be offset by the demand for care currently being denied some 37,000 plus veterans each month. This effort is clearly an attempt to constrict the VA health-care system and allow dollars, not need, to shape the scope and operation of VA medical care.

Another directive that has surfaced, not contained within the actual Fiscal Year 1987 VA budget per se, but contained in OMB documents relating to the VA's 1987 passback, was the mention made of restricting VA health care to nonservice-connected veterans to a maximum of 500,000 episodes in Fiscal Year 1987. The OMB directive to the VA indicated that it would approve funding for 1,243,700 inpatient episodes of veteran care, and limit nonservice-connected veterans to 500,000 episodes. PVA finds this directive not only unrealistic, but totally immoral, unprincipled and possibly in violation of congressional intent. The concept of establishing health-care usage ceilings might be an acceptable planning practice in the sterile, compassionless setting of the OMB office; but, when the VA's own data reveal demographic and patient profiles that support a totally different patient mix, then we are left to assume that OMB is in an outright assault on the VA's ability to perform its mission.

As it pertains to staffing levels for direct medical care, another area of concern arises, as the VA budget request reflects 1986 estimated medical care employment levels of 193,635 FTEEs. The, "HUD/Independent Agencies Appropriations Act for Fiscal Year 1985," Public Law 98-371 provided the funds for a health care staffing level of 193,941 FTEEs. The VA shamefully, to date, has not adhered to this Congressional mandate and remains in violation as the Fiscal Year 1987 request is for 185,093 FTEEs, which is a decrease of 8,848 FTEEs overall. We believe the Congress, while addressing this issue, should insure that the VA staffing levels are not decreased below the authorized level of 193,941 FTEEs.

The VA requested $10.041 billion to provide veterans VA medical care. Despite this request, the Administration and OMB allowed only $9.083 billion for this important veteran benefit. Also, they have failed to provide for the expansion of the GRECC's (Geriatric Research Education and Clinical Centers) as mandated by P.L. 99-166, and they have apparently shifted the responsibility for dealing with the aging veteran population onto the states in that medical care provided in non-VA facilities is the only subaggregate of the medical care account that would receive any new monies.

In addition, we challenge the VA's or OMB's assumption that another 1,939 FTEEs and $57,200,000 can be realized through increased productivity in the medical care account during Fiscal Year 1987. We do not mean to imply there are not operations which cannot be improved or FTEEs who cannot be more effectively utilized, far from it, but it is time this Administration realize what an efficient health-care delivery system it has operating within the Veterans Administration. Since Fiscal Year 1980, the funding levels, in constant dollars, for VA medical care has not increased. In fact, statistics would show a slight decrease; yet, during this same time frame the demand for VA medical care has increased and the VA's mission has expanded to include new population groups with differing medical needs. This is indicative of a cost-effective system compared to the private sector where medical costs have skyrocketed, where the cost of a hospital room alone has increased by 63.2 percent and doctor fees have increased 46.3 percent since 1980, according to figures recently released by the Bureau of Labor Statistics.

Medical and Prosthetic Research

Another area of the VA budget with which we are very much concerned lies in the area of medical and prosthetic research. The $226,634,000 that was expended in Fiscal Year 1985 for this vital investment in the future care and rehabilitation of severely disabled veterans represents less than 1/10th of one percent of the total VA budget; yet, this account took a nearly 18 percent or a $40 million cut in Fiscal Year 1986 budget considerations. Now, seven months into Fiscal Year 1986, the President proposes to restore the $7,885,000 lost to sequestration back into this account in the coming year, but the research will be performed by 285 fewer FTEEs than were available last October. We view this unstable fluctuation of both funding and staffing as a devastating approach to maintaining the integrity of the VA's highly sophisticated, highly client-oriented research programs.

As has been the case in prior years, when monetary funds become scarce, research activities, especially those that do not hold promise of an immediate return on investment, are curtailed or in some cases terminated.

We are very concerned that the VA's research efforts into central nervous system disorders such as spinal cord injury, dysfunction, and regeneration will be seriously disrupted. Such vacillation of commitment toward the one ray of hope and cure for the insidious ramifications of the many, as yet, unexplained medical phenomenons, we view as being penny-wise and pound-foolish. The VA's list of "Who's Who" in medical and prosthetic research is extensive as well as impressive, and the benefits that are and can be realized by their combined expertise should not be taken lightly. We request that additional monies be channeled into this important portion of the VA's Fiscal Year 1987 funding, especially as it pertains to the VA's high priority research programs which include spinal cord injury and nerve regeneration.

VA Construction Program

PVA believes the VA's Fiscal Year 1987 proposed construction budget of $408 million in new budget authority, a reduction of over $208 million from 1986, clearly demonstrates that the Administration fails to recognize (or chooses to ignore) the importance of maintaining and building adequate facilities if the VA is to perform its assigned function.

It is a very serious matter that so many VA facilities are now in a state of decay, only marginally meeting the needs of the veterans who use them. In previous years, testimonies given by veterans' service organizations and the Department of Medicine and Surgery indicated that over half of all the beds located in VA facilities are in buildings 35 years old or older. Decaying facilities not only diminish efficient patient usage, they also hamper the recruitment and retention of qualified doctors and nurses.

Equally disturbing, or puzzling, is that while the VA's Office of Construction budget, as proposed for 1987, will be reduced by 34 percent from the previous year, with certain of its duties being taken over by another department, the Office of Construction employment level and administrative costs do not experience similar reductions.

A newly constituted associate deputy administrator for management will now perform construction's independent facilities management and will be provided funding for an increase of FTEEs. In addition to all of this, an Office of Facilities, another brand new office created under reorganization, is requesting a funding level of $38.9 million for 1987. It is hard to understand the Administration's or VA's rationale for the significant increase in FTEEs within construction and facilities management, when obviously there is a proposed decrease in program activity.

The proposed funding level for the VA to assist the states in the acquisition or construction of state nursing homes and for the remodeling, modification, or alteration of existing state veterans' homes is to increase to $42.4 million in 1987, up over $21.6 million from the previous year's level of $20.8 million. This large increase in funding is somewhat unrealistic when keeping in mind the necessary planning and restrictions that states must adhere to, not to mention the necessary funding they must secure, before such a facility can be obtained, modified, or constructed. It is apparent that more and more of the solutions to problems are being shifted to the states from the federal government. This is just one more situation evident today where the federal government is relying on the states, which are already overtaxed and overburdened, to assist in solving a critical shortage in providing for our nation's aging veterans. A task, I might add, that is not rightfully theirs.

Mr. Chairman, the Fiscal Year 1987 budget proposal does provide for a cost-of-living increase in compensation, dependency and indemnity compensation and pension. This is one positive aspect of an otherwise bleak budget proposal. These cost-of-living increases will ensure that veterans and their survivors will not see their quality of life eroded by the effects of inflation. However, these proposed increases are achieved through the reduction of other benefits and services provided by the Veterans Administration.

The Fiscal Year 1987 VA Budget is pending in Congress. PVA, overall, is supportive of the Senate and House Committees on Veterans' Affairs proposals, especially where they provide for VA medical care employment levels of 193,941 FTEEs. The various committee budget recommendations are highlighted in the accompanying comparison chart (See attachment).

In submission of our Annual Testimony, PVA has provided various recommendations to the House and Senate Committees on Veterans' Affairs. We believe they are cost effective proposals and will serve to reduce the federal budget for some VA programs. These recommendations are too lengthy for presentation here today, but are available.

We appreciate the fact that this Subcommittee has and will provide careful examination of the proposed funding for the VA and the needed scrutiny of the VA's programs to provide the necessary appropriations. Further, we trust and also believe that your commitment to the veteran equals the intent of Congress.

The recent sequestration of veterans' benefits and the Fiscal Year 1987 budget proposal seriously call into question the esteem and regard which this Administration affords the Nation's veterans and their past service. Hopefully, this Subcommittee and the Congress will, as they have in the past, continue to honor and uphold the Nation's obligation - its commitment to the veteran.

Mr. Chairman, that concludes my statement. Thank you and the Members of the Subcommittee for your thoughtful consideration of this issue, and I will answer any questions that I can.

FISCAL YEAR 1987 BUDGET CONSIDERATIONS
VETERANS ADMINISTRATION

PROGRAM AREA	FY'85 ACTUAL FIGURES	FY'86 ESTIMATE	FY'86 AFTER G-R CUTS	FY'87 PRESIDENT'S BUDGET	FY'87 HOUSE VA PROPOSAL	FY'87 SENATE VA MAJORITY	FY'87 SENATE VA MINORITY
TOTAL AUTHORITY	$27.3b	$27.4b	$27.1b	$26.6b	$27.2b	$26.8b	$27.2b
TOTAL OUTLAYS	$26.3b	$26.5b	$26.2b	$26.4b	$27.1b	$26.75b	$27.75b
COLA ADJUSTMENT (Comp., DIC, Pens.) effective 12/1/86	—	—	—	3.7%	3.7% (All would accept an across-the-board freeze of COLAs)	3.7%	3.4%[1]
Beneficiary Travel		$105m	--	$10m	$105m	$10m	$65m
Burial Plot Allowance for NSCs ($150/veteran)	$45.2m	$51.5m	—	$20.2m	restore $31.2m	restore $31.2m	restore $31.2m
EDUCATIONAL DIRECT LOANS	$58t	$48t	$44.5t	repeal	restore $44.5t	repeal	restore $44.5t
VA HOME LOAN *origination fee adjust.	$306.5m 1% fee	$200m 1% fee	—	-0- 2% fee to 3.8% in 1990	$132m 1% fee reject increase	$55m[2] 1% fee reject increase	$139m 1% fee reject increase
Emergency Job Training Program	$58.8m	$17.5m $85m supp.	— —	-0-	$5.5m $85m supp.	-0- $85m supp.	$17.5m $85m supp.
Major VA Construction	$568m	$485m	$ – 21.8m	$301.2m	$324.2m	$336.2m	$336.2m
VA MEDICAL EMPLOYMENT	193,229	193,635	192,333	185,093	193,941	192,635	193,941

NOTE: b = billions m = millions t = thousands

[1] Assumes CBO level of inflation, would request higher amount if CBO estimate of 9/1/86 is higher.

[2] Reflects an increase in budget outlay rather than budget authority as other figures show.

Mr. **Green**. If you could share with us also the list of sites that you think are suitable for collocation, I think that might be helpful.

Mr. **DeGeorge**. We will be glad to do that, sir.

Mr. **Green**. Thank you very much for your testimony.

[The information follows:]

PVA
PARALYZED VETERANS
OF AMERICA
Chartered by the Congress
of the United States

May 8, 1986

The Honorable Bill Green
Ranking Minority Member
House Subcommittee on HUD-Independent Agencies
H-143 Capitol Building
Washington, D.C. 20515

Dear Representative Green:

PVA is pleased to provide the material that you requested at the Subcommittee on HUD-Independent Agencies hearing, held on May 7, 1986.

Enclosed please find a copy of PVA's statement concerning colocation of VA Regional Offices with VA Medical Centers, as given before the Subcommittee on Oversight and Investigations of the House Committee on Veterans' Affairs, on April 23, 1986. Also provided is a list of 25 VA Regional Offices, which PVA has identified as feasible for possible colocation with VAMC facilities.

If PVA can be of further assistance in the future, please do not hesitate to contact our office. I would like to take this opportunity to, once again, express our appreciation for extending us the opportunity to testify before the Subcommittee regarding funding for the VA for FY 1987.

Sincerely yours,

Frank R. DeGeorge

Frank R. DeGeorge
Associate Legislative Director

FRD/dac

Enclosures

801 Eighteenth Street, N.W., Washington, D.C. 20006 (202) USA-1300

25 VAROs Suitable for Colocation Within VAMCs

- Albuquerque
- Boise
- Chicago
- Cleveland
- Columbia
- Des Moines
- Fargo
- Hartford
- Houston
- Indianapolis
- Lincoln
- Little Rock
- Los Angeles
- Manchester
- Montgomery
- New York
- Portland
- Roanoke
- Seattle
- St. Louis
- St. Paul
- St. Petersburg
- Waco
- Wichita
- Winston-Salem

PVA

PARALYZED VETERANS
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STATEMENT OF
BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
OF THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
COLOCATION OF VARO's WITH VAMC's AND LAND EXCESSING
APRIL 23, 1986

Mr. Chairman and Members of the Subcommittee, I am Bob Moran, Associate Legislative Director of Paralyzed Veterans of America, and I want to thank you for affording PVA the opportunity to appear here today.

PVA appreciates the Subcommittee's holding of this hearing, and for being able to express our views and concerns regarding the status of plans for relocating VA Regional Offices to VA Medical Center Grounds and the declaring of certain VA land as excess. Colocation is an issue that is of significant importance to the members of PVA. It is on behalf of these veterans who have daily contact with the VA's Medical Facilities and Regional Offices, located throughout the United States, that we present our views in our testimony here today.

801 Eighteenth Street, N.W., Washington, D.C. 20006 (202) USA-1300

PVA highly recommends the colocation of certain Veterans Administration Regional Offices and Veterans Administration Medical Centers. The concept of colocation would prove to be more cost effective while providing the VA the enhanced ability to provide service in a more efficient and timely manner to the veteran at a single location.

Realistically, establishing a program to colocate VA facilities reduces duplication of costs of providing General Services Administration rental and/or leasing, security and maintenance services, motor pools, and most, if not all, overhead expenditures involved in the operation of two facilities versus one. Therefore, PVA's recommends, that when in light of the budget restraints the VA is being faced with, coupled with the potential cost savings involved, a program of colocation by the VA should be accelerated and utilized wherever feasible.

PVA, after surveying our National Services Offices located throughout the VA system, determined the feasibility of at least 25 VA Regional Offices being colocated within VAMC facilities, or at a VAMC where land is available. Each site surveyed has a Regional Office and VAMC located within 20 miles of the other, and where public transportation is readily available without inconvenience to staff and also for veterans needing services at the colocation sites. Providing the veteran both medical and administrative assistance at one location is beneficial and advantageous to the government, the VA and the veteran.

PVA believes that the concept of colocation would improve the coordination of VA services to veterans. It would also be less time consuming to retrieve the veteran's medical records and C-file, when held at one location, as compared to the time presently needed to retrieve these same records from two separate locations.

Colocation would also assist the VA in maintaining the face-to-face service to veterans, which is of paramont importance. Additionally, the availability of the veteran's records to conduct formal hearings resolves another major concern, and a consideration that serves both the VA and the veteran in expediting individual cases and caseloads.

Mr. Chairman, we recognize that the VA has lease commitments for the space currently utilized by Regional Offices. These leases vary in terms of the duration and cancellation provisions for these offices, and would preclude wholesale colocation at any particular time. These provisions do however, afford the VA the opportunity to make long term plans for implementing colocation on a station by station basis.

PVA recommends that the VA assess all of their leases at Regional Offices where the availability of land or facilities has been recognized for possible colocation with existing VAMCs. This comparison of potential cost savings by combining the VAROs with VAMCs, over a long-term period, has proven to be feasible and warrants a more serious consideration by the VA.

To repeat, the duplicative administrative costs for security, maintenance, heat and air conditioning, and miscellaneous significant other costs must be included in the overall considerations to provide long-term plans to colocate facilities. A perfect example of colocation already exists in Milwaukee, Wisconsin, at the Woods VA Medical Center with its Regional Offices, and there are, currently, eight other VAMROCs.

H.R. 4204

PVA supports H.R. 4204, a bill introduced by the distinguished Chairman of the Full Committee, and this Subcommittee, the Honorable G.V. "Sonny" Montgomery and the Honorable Robert Edgar, Chairman of the Subcommittee on Hospitals and Health Care. This bill would prohibit the VA in declaring excess, and thereby disposing of, certain parcels of land located at the VA Medical Center, West Los Angeles, California (approximately 109 acres) and at the VA Medical Center, Sepulveda, California (approximately 46 acres).

This measure, according to the Administration, would generate an estimated $360 million in revenues for the government, which is clearly a proposal initiated by OMB and not the VA. PVA believes the most important factor that should be considered is, that as long as the VA would need the land for future VA facility expansion, the land should be retained by the VA. Therefore, PVA supports H.R. 4204, and urges that this Subcommittee favorably report the bill to the Full Committee for passage.

Conclusion

Mr. Chairman and Members of the Subcommittee, PVA is aware that this is a time of challenge and we are concerned about the American taxpayer and the need to spend government funds as efficiently and as effectively as possible;

therefore, our comments to these proposals, collectively, are to assist you in improving service to veterans and at the same time be cost-effective where possible. This concludes my statement, and I will be glad to respond to any questions that I can.

COUNCIL ON ENVIRONMENTAL QUALITY

WITNESSES

PROF. NICHOLAS ROBINSON, NEW YORK STATE BAR ASSOCIATION, ENVIRONMENTAL LAW SECTION

MARTY BAKER, CHAIRMAN, ENVIRONMENTAL LAW SECTION, NEW YORK STATE BAR ASSOCIATION

Mr. GREEN. Professor Nicholas Robinson. We will place the full statement in the record, and you may proceed.

Mr. ROBINSON. Thank you. I appreciate your incorporating it, and we will keep our remarks brief.

I am joined today by Marty Baker who is the Chairman of the Environmental Law Section of the State Bar Association.

We are very happy to be here. I am also happy on a personal note, Mr. Green, because in the mid-1970's I served on the Board of Directors of Citizens Union in the City of New York and had occasion to review your outstanding credentials.

Mr. GREEN. Thank you.

Mr. ROBINSON. The New York State Bar Association has about 600 lawyers in an Environmental Law section. We are scattered around the State. They do a great deal of work on Environmental Impact Statements.

As you know, the National Environmental Policy Act requires that there be a review of the environmental impacts of any major Federal action significantly affecting the quality of the human environment.

We have a similar state law, and about half the states have a comparable state law.

These laws are a reflection of the importance of the process of environmental impact assessment that the National Environmental Policy Act has developed.

I think Congress can be proud of the fact that, in pioneering environmental impact statement procedures, it created a new tool of Government that had not existed before.

It has been copied by the different states in Australia; it is very much used throughout Australia.

Japan is now studying using it. Several treaties, some of them including no American participation, have put in environmental impact assessment of the ASON countries in Southeast Asia, have just done so a year ago.

I think this process is a proven process, one that does result, and Mr. Baker and I know from our private practice of law—I am a professor of law, but I also have practiced—that the private sector pays attention to NEPA and does, in fact, take into account environmental aspects and protect the environment as it goes forward with development because of this law.

The Supreme Court has endorsed and given substantial deference to the regulations that the President's Council on Environmental Quality promulgates with respect to the way Federal agencies should comply with NEPA.

Equally important, those 25 state jurisdictions and the Commonwealth of Puerto Rico that have laws similar to NEPA take their cue from these Federal regulations.

So, these regulations have the CEQ issues. These regulations have a multiplier effect that is quite significant.

The Council on Environmental Quality is responsible for development of these regulations, the fine tuning of these regulations, and a variety of advisory roles.

Frequently, lawyers, from not just New York but around the country, will call the CEQ to get guidance and interpretation on how to apply these regulations.

When CEQ first began, it had a budget back in 1970 of $1.5 million. The Administration is now asking for $820,000 which is a small increase in its base.

We have studied the budget. We have had the General Council of the CEQ come up to New York for a two-day meeting to review it, not the budget, as such, but review the work of the Council last year.

And we have concluded that CEQ does need more staffing assistance to do this environmental quality local counseling and review.

Indeed, in our opinion, the addition of a young lawyer or paralegal and the addition of a technical staff aide are essential to CEQ administering its legal responsibilities adequately.

If we were not to have these functions adequately discharged, we encourage litigation. We encourage disputes among agencies. We now mediate and settle. We encourage the private sector who feels aversely affected because the procedures were short-cutted somehow to bring suits in Federal court against those agencies.

We think the increase is cost-effective and would be very pleased to see this Committee recommend that increase.

We support the budget and think we can work with CEQ to improve the administration of the environmental impact assessment procedures nationally and as they affect New York.

We will be glad to answer any questions you may have.

Mr. **Baker**. Congressman, just two points.

You wrote an article in the *New York Times* at the time of the Westwood decision, pointing out the definitional shift in the word "significant"; on the one hand, the use in the scientific community back in the statistical context and the use in the legal community of the concept of judgment and reasonableness.

It is precisely that kind of NEPA issue and the clarification of that kind of NEPA issue that we look to the Council on Environmental Quality to provide.

No other agency of government is having that overview on the Federal level.

On the state and local level, I have participated in the preparation for New York Hospital, Guggenheim Museum, several land development projects in the district.

There are others for Rockefeller University, for others in the district, all of which are prepared under State law, but all of which are prepared with a very real sense of the guidance provided by CEQ, and that is why we are here today, because of the national importance to us locally in New York of CEQ.

Mr. GREEN. What is your impression of their recent publication on worst case analysis?

Mr. BAKER. We support a strong and aggressive CEQ implementing its use.

I think the worst case analysis, the CEQ position on the worst case analysis, is clearly a compromise and a compromise, which in the light of the Chernobyl reaction, certainly causes us to take pause.

But I think a close reading of the worst case ruling well provides that, that kind of incident and those incidents which are generally thought of as unquantifiable or beyond the state of art can, indeed, and, in fact, do indeed have to be considered and have to be considered without the use of the term "worst case analysis" which, not with respect to Federal practice but the present sense of that term for us in local practice, has some very unintended consequences.

So, for example, under the guise of worst case analysis, traffic assumptions and air quality assumptions are made in New York under our NEPA, our SEQRA, which assumptions cause the analysis to be biased because they are so conservative that they are not reasonably reflective of what statistically relevant prediction of the future would be.

So, I believe, from a practitioner's standpoint, CEQ's decisions is one we can live with comfortably.

Mr. ROBINSON. The second paragraph in the new regulation really requires the agencies to go into full disclosure about what they think about the state of knowledge on worst case.

So that, in effect, it is a better rule in a way, because it requires the agencies not to hide behind the fear of too much disclosure on worst case but rather to come back to facts, come to signs, come back to a careful delineation of what is the risk.

That is what we should be looking at under NEPA, what is the risk to the environmental and public health.

Mr. GREEN. I must say, I think there has been some question within the Subcommittee whether at the present size CEQ is capable of much and whether we ought to disband it altogether and lodge that function somewhere else, or whether it still does have a useful role to play.

Mr. ROBINSON. We think it has a very useful role to play.

We have an entire committee on environmental impact assessment of our section, some 45 lawyers who, I think, share that view as does the entire section.

You can't lodge CEQ in any of the line agencies because then it would partake of the turf of that agency and the others would look upon it with suspect.

You need some umpires out there. I think the message we are bringing is that what CEQ does matters to the 25 States that have copied Congress' lead and adopted little NEPAs.

What CEQ does matters to foreign countries that are copying the lead of Congress here and you can keep it small.

That is a judgment that Congress and the Executive need to take among themselves, but you can't get rid of it without impairing the very successful role NEPA has played in changing public attitudes at all levels of government.

And, indeed, partly because of NEPA an entire class of scientists and technical consultants and attorneys have come into being to make this law work at no cost, really, to the public.

These are costs mostly borne by developers or those who are the proponents of projects.

Mr. **Green**. Thank you very much for your testimony. I think it will be very useful to us.

[The statement of Nicholas A. Robinson follows:]

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TESTIMONY
Of
NICHOLAS A. ROBINSON

On Behalf Of
THE NEW YORK STATE BAR ASSOCIATION
Environmental Law Section

Before
THE HOUSE OF REPRESENTATIVES
Committee On Appropriations
Subcommittee On HUD-Independent Agencies

Regarding
The President's Budget Request, FY 1987
For The
COUNCIL ON ENVIRONMENTAL QUALITY
And The Office of Environmental Quality

May 7, 1986
Washington, D.C.

BEFORE: Hon. Jake Garn, M.C.
Chairman, Subcommittee on HUD-Independent Agencies
and
Hon. Edward P. Boland, M.C.
Chairman, Subcommittee on HUD-Independent Agencies

Mssr. Chairmen and Honorable Committee Members,

It is an honor to appear before you today to testify regarding the appropriation for the Council on Environmental Quality, and its related office of Environmental Quality, in the Executive Office of the President. I am a past chairman of the Section on Environmental Law of the New York State Bar Association and am a Professor of Law at Pace University School of Law in White Plains. I previously served on the Legal Advisory Committee to the initial Council on Environmental Quality in 1970-72, and recently was N.Y.'s chief Environmental Law official as General Counsel and Deputy Commissioner of the State's Department of Environmental Conservation in 1983-85.

Over 600 lawyers practising Environmental Law in New York, comprise the membership of the NYSBA Environmental Law Section. The Section conducts continuing legal education programs, publishes a Journal, engages in law reform projects through specialized committees, and comments on federal and state statutory and regulatory developments in Environmental Law. Since its inception in 1973, the Section has devoted special attention to the subject of Environmental Impact Statements, as required under the National Environmental Policy Act ("NEPA"), P.L. 91-190, 42 USC 4321, and by the New York State Environmental Quality Review Act, Art 8, NYS Environmental Conservation Law ("SEQRA").

Nearly a year ago, the some 30 members of the Executive Committee of the NYSBA Environmental Law Section conferred for two days with Dinah Bear, Esq., the General Counsel of the President's Council on Environmental Quality, at a meeting in the Adirondacks. The meeting involved a wide ranging evaluation of the CEQ regulations implementing NEPA, of the coordination of federal and state environmental impact procedures and of recent developments in judicial enforcement of environmental impact procedures. As you are doubtless aware, over half the states have "little NEPA's" governing state actions which impact the environment (see N. Robinson, "SEQRA's Siblings: Precedents From Little NEPA's in the Sister States," 46 ALBANY L. REV. 1155). The legal practise in environmental impact assessment is pervasive, for real estate development, hazardous waste site remediation, resource recovery facility development and a wide range of other projects. The Environmental Law Institute in Washington, D.C., reports that there are more attorneys practising Environmental Law today than older specialized fields such as Labor Law.

The New York State Bar Association considers it essential to the efficient administration of NEPA that CEQ be adequately funded. CEQ has the principal statutory responsibility for developing the over-all federal regulatory framework for NEPA and in interpreting NEPA's requirements. The U.S. Supreme Court has accorded CEQ's interpretations substantial deference. Sierra Club v. Andrus, 442 US 347 (1979), sustaining CEQ's rule that every legislative proposal does not require an EIS.

Many attorneys from New York and elsewhere call upon the CEQ General Counsel for guidance in applying and interpreting NEPA and its regulations. Additionally, many more attorneys regularly use the CEQ Annual Report both for the chapter evaluating recent legal developments in NEPA and EIS requirements, and for the evaluation of environmental quality trends generally.

CEQ is critical to assuring the efficient operation of NEPA among federal agencies. In past years, CEQ has been involved in resolving disagreements among federal agencies over their roles in environmental impact assessment. Averaging often as many as ten disputes per year, CEQ has been invaluable in evaluating the sufficiency of environmental reviews and structuring agreements which have produced compliance with NEPA and avoided costly and lengthy litigation.

The Bar has an active interest both in refining NEPA regulations, as evidenced by the revision in the role of the evaluation in the so-called "worst case" alternative, and in assuring that agencies whose current regulations are legally inadequate in reference to NEPA, such as the Federal Energy Regulatory Agency ("FERC"), bring their own rules into compliance with NEPA. CEQ's rules serve as an important role model for the state in refining their state EIS procedures.

All these responsibilities depend for their efficient administration on a level of competent staffing for CEQ, especially in its General Counsel's Office. Let one point be clear, when Congress originated and enacted NEPA, it created a unique and extraordinarily efficient methodology to assure that new development would proceed in a way which took into account and protected the natural resource and environmental interests of neighboring property owners and the public. NEPA requires that federal agencies identify society's enlightened self-interest in ecologically sound development, and mandates that the procedures to identify such an approach be followed. As a "full disclosure law," NEPA has protected the environment more assuredly than most laws. NEPA depends on no new permits or new bureaucrats whose turf is exclusively in EIS work. Every agency must use NEPA procedures, just as every agency must comply with due process of law.

In the judgment of the NYS Bar Association's Environmental Law Section, the EIS procedure has been singularly successul in protecting the quality of the enviroment. The fact that several foreign countries have adopted their own NEPA laws, that countries like Japan are about to do so, and that several treaties incorporate a NEPA requirement (see most recently Article 14 of the ASEAN Agreement On The Conservation of Nature and Natural Resources, done at Kuala Lumpur, July 9, 1985), are further confirmation of NEPA's value. The EIS procedure has been a genuine innovation in government, pioneered in the United States and increasingly adopted abroad. Congress can be proud of its work in enacting NEPA.

In view of NEPA's success, and its central role in agency decision-making today, there is a fundamental need to sustain CEQ as the agency responsible for NEPA. In prior administrations since 1970, the CEQ was a small but pivotal agency in shaping Presidential policy; this view is set forth in the Report by the Comptroller General issued on March 19, 1981, entitled "The Council On Environmental Quality: A Tool In Shaping National Policy" (CEQ-8166). In the years between 1970 and 1981, the average appropriation for CEQ was $2.47 million per year. It is now much reduced in staff, but its essential and legally mandated functions continue now as they did in 1970 and every year since. In CEQ's first full year of operations, its appropriation was $1.5 million (1971). The current Presidential request for FY 1987 is for $820,000.

We have studied the President's Budget Request for CEQ and the Office of Environmental Quality for FY 1987 and find that it is a minimally acceptable sum if CEQ is to discharge its duties under NEPA. Frankly, since CEQ both advises the Executive Office of the President and leverages other agencies into protecting the environment, it produces advise and savings in multiples which are far more valuable than its appropriation indicates. CEQ is critical in resolving inter-agency disputes and mediating sensible and legally justifiable positions on environmental aspects of federal actions. In our professional judgment, without CEQ the volume of litigation to secure judicial resolution of the issues which CEQ can and does resolve administratively, would require a dedication of personnel time and services from the Justice Department, from federal agencies and from the judiciary far in excess of the $820,000 requested for FY 1987, perhaps reaching several millions dollars. Indeed, greater savings in other agencies would be realized if CEQ's budget were greater than the President requests.

It might appear pennywise, but would actually be pound foolish to fund CEQ at less than the President's Budget Request. In our own dealings with CEQ, our members have encountered a pressing need for clerical and support staff to Council members and to the CEQ General Counsel. The latter has been obliged to defer work on NEPA oversight which must be attended to. The President's proposal to assign a NEPA specialist to assist the CEQ General Counsel in bringing basic oversight up to an acceptable level, is more than necessary; in our view, CEQ is not now able to meet its statutory mandate in environmental review of issues on a timely basis or in coordinating the legislative referral process. In like vein, CEQ needs a science specialist to provide independent expert critique of the scientific expositions and issues in matters reviewed by the CEQ and General Counsel. To practise environmental law competently today, the attorney cannot do without the services of competent environmental experts.

One particularly important function served by CEQ is to staff the Environmental Law negotiations on behalf of the USA in the bilateral US-USSR Agreement On Cooperation In The Field Of Enviromental Protection. The General Counsel directs the US dialogue with Soviet specialists, and the Summit Meeting communique of last November, 1985, between U.S. President Reagan and CCCP General Secretary Gorbachev placed special emphasis on the need for enhanced cooperation in this field; the November 21, 1986 joint statement of the President and the General Secretary noted in relevant part that "Both sides agreed to contribute to the preservation of the environment - a global task - through joint research and practical measures...consultations will be held next year in Moscow and Washington on specific programs of cooperation." No more important duty could be assigned to CEQ and its General Counsel. Attending to it, however, means that CEQ has less time to devote to NEPA legal matters.

The New York State Bar Association's Environmental Law Section supports the need in FY 1987 for CEQ to analyze and update information about the "little NEPA's" and their relationship to NEPA. Such an evaluation can lead to substantial improvements in coordinating and stream-lining federal-state decision-making for a project involving approvals by agencies at both levels of control.

For all these forestated reasons, the NYSBA Environmental Law Section urges that this Subcommittee recommend to the Committee On Appropriations that the House of Representatives approve CEQ's FY 1987 budget at $820,000.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

PABLITA ABEYTA, EXECUTIVE STAFF ASSISTANT, NAVAJO TRIBAL COUNCIL

Mr. **Green**. We seem to be running ahead of our witnesses, but I do understand that Pablita Abeyta is here.

We will be happy to take you individually at this point.

You are representing the Navajo Nation, is that correct?

Ms. **Abeyta**. Yes.

Mr. **Green**. We will put your full testimony in the record, and you may proceed.

Ms. **Abeyta**. All right.

Mr. **Green**. There is no need to rush through.

Ms. **Abeyta**. I will probably rush through, anyway. I will summarize my statement.

Since the adoption of the EPA Indian Policy, Indian tribes and National tribal organizations have sought amendments to the Clean Water Act, Safe Drinking Water Act, and Superfund Acts which would recognize Indian Tribes' proper authority to regulate and enforce environmental standards on Indian lands.

These provisions would permit tribes to participate in the Federal regulatory framework in a manner that is consistent with the EPA Indian Policy, inherent tribal sovereign powers and long established Federal law and policy. The conferees have agreed to Indian amendments in the Safe Drinking Water Act and Superfund, and language in the Clean Water Act is currently under consideration.

With these amendments in place we are now at the crossroads of securing funds for technical assistance and the development of tribal environmental programs.

Tribal representatives presented testimony last year recommending that appropriations be earmarked for technical assistance and staff resources to develop tribal environmental programs on Indian lands. Congress did not include appropriations for the Tribes in fiscal year 1986, however, this Committee did include report language directing EPA to complete a national survey of the environmental conditions and potential needs on Indian lands, as well as forming an Indian legislative group to evaluate the need for changes in the EPA statutes concerning Indian tribes.

There are 274 federally recognized Indian tribes nationwide who occupy approximately 3 percent of the total land mass in the United States. We feel that EPA should spend a proportionate amount in protecting reservation environments as it does in protecting the rest of the nation's environment. Troubled environmental values cannot become a reality unless there is a financial commitment by EPA to provide funds for surveys, identifying these needs.

Part of the dilemma for Indian tribes seeking funding for environmental programs has been the lack of base line data. None of the agencies, including EPA, IHS, or the Bureau of Indian Affairs, have comprehensive data which identifies the environmental problems and needs on Indian reservations. Language in the Indian amendments to Safe Drinking Water Act, Clean Water Act, and Superfund direct EPA and Indian Health Service to conduct these necessary surveys to identify drinking water problems, sewage treatment needs, and hazardous waste sites on Indian reservations.

Our request for fiscal year 1987 is $10 million for use by EPA to conduct the surveys now being authorized as well as a slight increase for funding in all program areas for technical assistance to tribes to develop environmental programs on Indian reservations.

In addition, we are requesting an appropriation of $5 million to enable EPA to begin to provide adequate assistance to tribes at the regional offices and at the central office in each program area.

In conclusion, many tribes have developed environmental codes and are ready to implement them. They cannot do so if there are no funds available. What tribal governments seek is fair and equitable treatment in developing sound environmental programs, not a piecemeal approach where tribes are funded on a pilot basis. State programs were funded consistently and evolved to accomplish the mission set forth by the Federal environmental laws. Tribes should also be funded in a consistent manner with the proportionate amount appropriated for long neglected tribal environmental programs and needs.

In addition to our specific funding requests, we also recommend that this Committee direct EPA to submit a running account of where funds have been spent for the last five years in the various program areas, the actual dollar amounts that went directly to Indian tribes, and what tribes were funded, either through grants or financial assistance.

We also recommend this Committee direct EPA to provide an estimated spending plan for optimum protected funding levels in each program area contingent upon the passage of the laws being amended which clarify the tribal government's role in the environmental statutes.

With EPA's projection of actual needs should come a plan on how funds would be spent, along with a mechanism for administering grants to Indian tribes.

Last, this Committee should direct EPA to identify and commit FTEs in each program area in both the central office and the regional offices to provide guidance, as well as to assure prompt and effective completion of the survey where it is being mandated by the authorizing committees.

We thank you for this opportunity to testify, and I would be glad to answer any questions you may have.

Mr. GREEN. If I could raise a question, one of the items you mention in your prepared statement is the need to assure safe drinking water supplies.

You mentioned the possible contamination because of the uranium mining on your reservation.

There has been some problem, I know, in the Indian Housing Program, in that we will fund housing which then gets built and the water supply isn't there to service it.

Is that continuing to be a problem?

Ms. ABEYTA. Yes. The problem has been that for Indian tribes we are funded in different program areas, and there is no coordination between the agencies where the money goes.

So, most of the time we have to go to all of the Committees and bring up those things.

Mr. **Green**. Are we continuing to have situations where the water supply lags behind the completion of housing?

Ms. **Abeyta**. Yes. That is why we were really pushing for the surveys and documentation of what the problems are on Indian reservations.

Mr. **Green**. Thank you very much.

[The statement of Pablita Abeyta follows:]

TESTIMONY OF THE NAVAJO NATION
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

May 7, 1986

Mr. Chairman, members of the Committee, my name is Pablita Abeyta, Executive Staff Assistant to Peterson Zah, Chairman of the Navajo Tribal Council. I appreciate this opportunity to present testimony on behalf of the Navajo Nation to request funding for Tribal Environmental Programs on Indian Reservations.

On November 8, 1984, the Environmental Protection Agency (EPA) announced its "Policy for the Administration of Environmental Programs on Indian Reservations." EPA is the only federal agency that has adopted an Indian Policy consistent with President Reagan's policy of government-to-government relations with Indian tribes. While we commend EPA for their commitment to work with the Navajo Nation and other Indian Tribes on a government-to-government basis we must question EPA's commitment to fully implement its Indian Policy by adequately funding Indian environmental programs.

Since the adoption of the EPA Indian Policy, Indian tribes and National tribal organizations have sought amendments to the Clean Water, Safe Drinking Water and Superfund Acts which would recognize Indian Tribes' proper authority to regulate and enforce environmental standards on Indian lands. These provisions would permit tribes to participate in the federal regulatory framework in a manner that is consistent with the EPA Indian Policy, inherent tribal sovereign powers and long established federal law and policy. The Conferees have agreed to Indian amendments in the Safe Drinking Water Act and Superfund, and language in the Clean Water Act is currently under consideration. With these amendments in place we are now at the crossroads of securing funds for technical assistance and the development of tribal environmental programs. Tribal representatives presented testimony last year recommending that appropriations be earmarked for technical assistance and staff resources to develop tribal environmental programs on Indian lands. Congress did not include appropriations for the Tribes in FY 86, however, this Committee did include report language directing EPA to complete a national survey of the environmental conditions and potential needs on Indian lands as well as forming an Indian legislative group to evaluate the need for changes in the EPA statutes concerning Indian tribes. The Senate concurred with the House report language and included the following statement:

> "The Committee does feel that current levels of assistance clearly do not adequately address many serious and demonstrable problems confronting these semi-autonomous areas. The Committee, therefore, expects the Agency to make a concerted effort to improve in this respect within funds contained in the appropriations bill." (Emphasis added)

While we appreciate the House directive for FY 86 we note that more needs to be done. American Indian reservations constitute approximately 3 per cent of the total land mass in the United States. There are 274 federally recognized Indian tribes nationwide who occupy a combined land area the size of the states of Maryland, New Jersey, Connecticut, Massachusetts, Vermont, New Hampshire and Maine. We feel that EPA should spend a proportionate amount in protecting reservation environments as it does in protecting the rest of the Nation's environment.

A recent report by EPA entitled "Environmental Programs on Indian Reservations" states the following:

> "In FY 85 EPA has expended approximately $5.7 million and 38 work years on activities that relate to environmental conditions on Indian reservations."

This report was based on an initial survey of the Agency's current involvement on Indian reservations and includes technical assistance, federal assistance, consultant and training and work hours. For FY 86, approximately $2.4 million actually went directly to Indian tribes under the various media programs such as Water, Air, Pesticides, and Hazardous Waste. This figure was distributed on an ad hoc basis throughout the regions.

The following table represents funding for Indian tribes for FY 86:

PROGRAM		FUNDING
WATER		
U.I.C.		$ 55,585
P.W.S.S.		171,800
AIR		680,831
RCRA		47,435
CERCLA		33,600
FIFRA		289,865
	TOTAL	$1,789,116
MULTIMEDIA PROGRAMS	TOTAL	$ 510,000
HEADQUARTERS	TOTAL	$ 612,100
	GRAND TOTAL	$2,401,216

The EPA has been in existence since the early 1970's. Since that time EPA has worked with the states to develop sound environmental programs to protect the well-being and health of American citizens. With the evolution of these programs EPA has reduced its funding for technical assistance to the States, and has eliminated several special programs designed to assist States in the early stages of program development. Indian tribes have a great need for these types of assistance programs at the present time. Today Indian tribes are making environmental protection a part of their governmental agenda. This is reflected in our commitment to seek amendments to the environmental statutes as well as the development of Tribal Water, Air, Pesticide, Solid Waste, and Hazardous Waste programs. Tribal environmental values cannot become a reality unless there is a financial commitment by EPA to provide technical assistance, staffing and adequate funding for the evolution of tribal management of environmental programs.

Part of the dilemma for Indian tribes seeking funding for environmental programs has been the lack of baseline data. None of the Agencies, including Environmental Protection Agency, Bureau of Indian Affairs and Indian Health Service, have comprehensive data which identifies the environmental problems and needs on Indian reservations. Language in the Indian amendments to the Safe Drinking Water Act and Superfund directs EPA and IHS to conduct surveys which identify drinking water problems and hazardous waste sites on Indian reservations. In addition, these surveys should identify what funding levels are adequate to address the environmental needs on Indian reservations. Similar language is included in both the House and Senate versions of the Clean Water Act. I'm sure if we had this data the figures would document tribal needs. For example, we already know that over half of the tribes across the United States don't meet federally recognized drinking water standards. On the Navajo Nation there is a considerable population who live in remote areas who still haul water from stock wells and developed springs. Sadly the health and welfare of Native Americans has been a low EPA priority.

The Navajo Nation is the largest Indian reservation in the United States. The reservation covers 16 million acres, the approximate size of West Virginia. For many years, our lands have served the needs of a growing America hungry for energy and other natural resources. Extensive fossil-fuel and uranium development have occurred on the Navajo Nation. Two major uranium deposits are located in the Grants uranium belt and the Cameron uranium mining district. The four corners region of the reservation is a major petroleum producing area. There are major coal mining activities going on. The after effects of such development is clearly evident, the Navajo Nation has 306 abandoned uranium mines alone which have been in existence for 35 years. Disposed of tailings have been used for construction of houses and highly contaminated soil has been used as mortar. This has created airborne radiation inside these dwellings which is 30 times the normal background level. We have a great concern for the health and safety of our people. At this point we have no clear picture of the status of water quality on the reservation and how it is being impacted. There is now radioactive contamination of ground waters and surface waters and instances of children swimming during the summer months in highly contaminated waters.

Less than half the reservation has running water and in some areas the water that is available is high in radionuclides, and alternative drinking water supplies need to be identified. There is a strong need to expand the

Public Water Supply Program on the Navajo reservation to locate and develop new community water systems. This cannot be accomplished without financial resources.

Solid Waste is another area where reservations are in desperate need of improvement. A low priority has been given to solid waste collection and disposal on Indian lands. Many sites consist of community dumps and landfills which are fenced and exposed to the open air. Health problems which result from improperly designed and operated landfill areas include contamination of ground water and uncontrolled breeding of various disease carrying rodents. These problems have been verified by public health officials who indicate that a serious health threat could exist if the situation is not attended to immediately.

These are but a few examples of the types of environmental concerns which need to be addressed by EPA and the Navajo Nation. The surveys being authorized under the Safe Drinking Water, Clean Water and Superfund Acts will provide the essential information for an accurate determination of tribal needs across the United States. With that information, the tribes, EPA and this committee can develop a rational plan for funding environmental protection on Indian lands.

For FY 87, we are requesting that this Committee earmark $10,000,000 for use by EPA to conduct the surveys now being authorized under the Safe Drinking Water, Clean Water and Superfund Acts. In addition, we are requesting an appropriation of $5 million to enable EPA to begin to provide adequate technical assistance to the tribes and for the personnel and administrative resources necessary for full implementation of the federal environmental laws on Indian lands. These are modest requests. They reflect a reasoned approach to the environmental problems confronting Indian tribes. Your approval of these requests will be a clear statement to EPA and to all Native Americans that Indian environmental concerns will fully be addressed. The authorizing Committees have already determined that such action is both necessary and appropriate. We now ask for the commitment of the fiscal resources necessary to implement these laws. Indian people expect and deserve the same environmental quality which has previously been made available to all other American citizens.

CONCLUSION

Last year this Subcommittee directed EPA to make an effort to improve funding for Indian environmental programs. EPA's record to date has been spotty. There are no line item requests for Indian programs in the EPA FY 87 budget request. At a time when Indian amendments are pending in conference for the Safe Drinking Water, Clean Water and Superfund Acts, many tribes have developed environmental codes and are ready to implement them. They cannot do so if there are no funds available. What tribal governments seek is fair and equitable treatment in developing sound environmental programs — not a piece-meal approach where tribes are funded on a pilot basis. State programs were funded consistently and evolved to accomplish the mission set forth by the federal environmental laws. Tribes should also be funded in a consistent manner with a proportionate amount appropriated for long neglected tribal environmental programs and needs. In addition to our specific funding requests, we also recommend that:

o This Committee direct EPA to submit a running account of where funds have been spent for the last 5 years in the various program areas, the actual dollar amounts that went directly to Indian tribes, and what tribes were funded either through grants or financial assistance.

o This Committee direct EPA to provide an estimated spending plan for optimum projected funding levels in each program area contingent upon the passage of the laws being amended which clarify the tribal governments' role in the environmental statutes. With EPA's projection of actual needs should come a plan on how such funds would be spent along with a mechanism for administering grants to Indian tribes.

o This Committee direct EPA to identify and commit FTE in each program area in both the Central Office and the Regional Offices to provide guidance as well as to assure prompt and effective completion of the survey work being mandated by the authorizing Committees.

Mr. Chairman, we thank you for this opportunity to present our views. We will be pleased to answer any questions at this time.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

ROBERT J. MARTIN, GOVERNMENTAL AFFAIRS COORDINATOR, HOBBS, STRAUS, DEAN & WILDER, REPRESENTING THE OGLALA SIOUX TRIBE, THE UTE MOUNTAIN UTE TRIBE, AND THE THREE AFFILIATED TRIBES OF FORT BERTHOLD

Mr. **Green.** I gather Mr. Bob Martin is here now.

Which of the groups are you representing?

Mr. **Martin.** I am representing the Oglala Sioux Tribe, the Ute Mountain Ute Tribe of Colorado, and the Three Affiliated Tribes of Fort Berthold.

Mr. **Green.** We will put your full statement in the record, and you may proceed.

Mr. **Martin.** I am very grateful to be here to represent the three tribes with which I work. We are here to bring your attention to our problem.

Our problem is we are responsible for administering very large areas in terms of environmental protection.

The tribes I work with, as well as many others, including the Navajo Nation, feel we don't have enough assistance from the EPA to carry out that responsibility to protect the reservation environment.

The Navajo Nation alone is the size of West Virginia. By EPA's own admission, Indian Nations comprise an area which is at least the size of the New England States, New Jersey and Delaware.

We don't think that the amount of money which EPA has been allocating in their budget for Indian tribes comes anywhere near the magnitude of protecting that size of environment.

Therefore, we are here to request that this Subcommittee work with the EPA in coming up with a more realistic budget to service the needs of the Indian tribes for whom EPA, we think, serves as trustee.

There is a long history there which is sited in the testimony. In short, we think EPA should be coming up with a budget which is proportionate to the land base which has to be protected. We think that comes in the neighborhood of around $20 million, and we would like to see that amount allocated in three different ways.

First, we think a good deal of money should be earmarked to perform a number of studies for Indian funding. This year Congress has reauthorized a number of major Federal environmental statutes which have an Indian amendment in them. Those amendments work Indian tribes into the national scheme, really for the first time. We have worked with the Congress on those amendments. I guess what we are saying is that is only half the job. We know that money needs to be appropriated to implement those programs on Indian lands.

Mr. **Green.** Let me ask you this question.

A number of those conferences seem to be dead in the water at this point, not perhaps on your issue, but on other issues.

Is there sufficient authority for us to appropriate this money absent the conference reports?

Mr. **Martin.** Yes, there is.

In fact, the Indian policy of the EPA encourages that and they have pledged themselves to do, in fact, everything they can to seek amendments to all those statutes so that the mechanisms are there for the money to be appropriated.

But in the meantime, there is authority to appropriate money for that.

Mr. **Green**. Statutory authority?

Mr. **Martin**. Yes.

Mr. **Green**. Do you have a citation for that, or could you provide it for the record?

Mr. **Martin**. We will provide it for the record, Mr. Chairman.

[The information follows:]

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May 29, 1986

The Honorable Edward P. Boland
Chairman, House Subcommittee on
HUD and Independent Agencies
2426 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Boland:

On behalf of the Ute Mountain Ute Tribe, the Oglala Sioux Tribe and the Three Affiliated Tribes of the Fort Berthold Reservation, I am providing the information you requested during the recent House Appropriations Subcommittee on HUD and Independent Agencies hearing on the Environmental Protection Agency budget for fiscal year 1987. I apologize for an unavoidable delay in giving you this information and hope it will prove useful.

You asked what statutory authority currently exists under the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq., and the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., for funding tribal projects. Under the FWPCA, Indian tribes are defined as "municipalities," 33 U.S.C. § 1362(4) and are eligible to receive sewage treatment works construction grants, see 33 U.S.C. §§ 1281(g), if placed on the relevant state's priority list. Tribes also are defined as "municipalities" under the SDWA, 42 U.S.C. §300f. Indian tribes operating public water systems are eligible for certain EPA grants and technical assistance. See 42 U.S.C. § 300j-1. You further should be aware that when President Reagan signs into law the Safe Water Drinking Act Amendments of 1986, the SDWA will contain direct authorization for awarding grants to tribes. See S. 124, 99th Cong., 2d Sess. §107.

Again, I regret the delay in providing this information. If I can be of further assistance, please contact me.

Sincerely,

Robert J. Martin
Robert J. Martin

/dds

Mr. **Martin**. Funding should be used to perform studies to strengthen the media program implementation on Indian reservations, air, water, toxic solid wastes, and also to increase EPA's capability in-house to administer environmental protection on Indian lands.

Right now they have a few staff people in the DC office and one person in each region responsible for Indian lands.

That is a big help, but that was only done two years ago. But it is not quite enough.

Mr. **Green**. Mr. Mollohan?

Mr. **Mollohan**. No questions.

Thank you.

Mr. **Green**. Thank you very much.

[The statement of Robert J. Martin follows:]

TESTIMONY

OF

ROBERT J. MARTIN

BEFORE THE

U.S. HOUSE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON HUD & INDEPENDENT AGENCIES

May 7, 1986

Mr. Chairman and members of the Subcommittee, my name is Robert J. Martin, Governmental Affairs Coordinator for Hobbs, Straus, Dean & Wilder. We appreciate this opportunity to present testimony on behalf of the Ute Mountain Ute Tribe of Colorado, the Three Affiliated Tribes of the Ft. Berthold Reservation of North Dakota and the Oglala Sioux Tribe of South Dakota. We intend to give you a brief overview of the magnitude of tribal environmental needs on a nationwide basis and a general idea of the particular environmental problems our client Tribes are now experiencing.

Currently, there are several hundred federally recognized Indian tribes and Alaska Native villages nationwide which occupy a combined area and environmental baseline the size of the New England states, Maryland and New Jersey combined. These Tribes have always been responsible for the environment they inhabited and have been good stewards of the environment for countless years. In fact, the Indian policy of the Environmental Protection Agency and of this Administration expressly recognizes that tribal governments are appropriately responsible for the quality of their environments and pledges a "government-to-government" relationship between the United States and the Tribes to achieve the goal of a safe and high quality environment.

Although we applaud the adoption of this policy by the EPA, we must question the EPA's commitment to sufficiently assess the magnitude of tribal environmental needs and to provide funding which is adequate to address those needs. For example, the total amount of funds expended by the EPA in F.Y. 1985 on Indian concerns was $5.7 million, or roughly 7/10% of the Agency's total budget last year. We feel that Indian tribes have been underfunded to the extent that the EPA has not spent a proportionate amount in protecting the Indian environmental base as it has in protecting the remainder of the national environmental base. In view of the fact that Indian tribes constitute approximately three percent of the Nation's land mass, therefore, the EPA should provide Indian tribes, at a minimum, approximately $20,000,000 in F.Y. 1987.

First, this amount should be earmarked for Indian tribes to be used in developing a comprehensive, reservation by reservation environmental data baseline in the specific areas of air and water quality, drinking water and sewage needs assessments and solid and toxic waste surveys. Pending tribal amendments to the Safe Drinking Water Act, the Federal Water Pollution Control Act and the Comprehensive Environmental Response, Compensation and Liability Act require that EPA conduct nationwide studies in these particular areas with great specificity. The results are to be submitted to the Congress from within one year of enactment of the reauthorizing legislation. Second, this funding should be used to strengthen existing tribal water, air, pesticide, solid and hazardous waste programs and to provide technical assistance for the development of environmental programs on reservations where none now exist, but where the Tribe has indicated a willingness and capability to operate such a program. Third, this funding should be used to provide the EPA with the necessary personnel and administrative resources to fully implement the environmental laws on Indian lands.

Many Indian tribes are prepared to administer environmental programs on their Reservations in order to meet urgent needs. For example, the Ute Mountain Ute Tribe has had no adequate system of potable drinking water since the establishment of their Reservation over a century ago. This has led to severe health problems and has severely curtailed their community development. The Tribe is ready to participate in the public water system and Underground Injection Control programs and eagerly anticipates working with the EPA and the Indian Health Service for planning, design and construction of a potable water system. The Three Affiliated Tribes of the Ft. Berthold Reservation now administer environmental programs in the area of air quality and pesticides management, but also have significant needs in the area of drinking water quality. The Tribes need a reservation-wide potable water system constructed to replace the existing method of obtaining drinking water from low quality groundwater underlying the Reservation. similarly, the Oglala Sioux Tribe now administers air quality and pesticides management programs, but needs funding to investigate potential hazardous waste sites on the Reservation which may be contaminating groundwater and drinking water supplies.

Immediate and sufficient assistance should be provided by the EPA to these and other Tribes, whose needs have so long been neglected by the Agency while the desires of other American citizens for environmental quality were being satisfied.

The level of funding requested should be provided by this Committee not only to give real effect to the Indian policy of this Administration and the EPA, but also to honor "the distinctive obligations of trust incumbent upon the government in its dealings with these dependent and sometimes exploited people." Seminole Nation v. United States, 316 U.S. 286, 296 (1942). Since the decisions of Chief Justice Marshall in Cherokee Nation v. Georgia, 30 U.S. (5 Pet.) 1, 16-17 (1831) and Worcester v. Georgia, 31 U.S. (6 Pet.) 515 (1832), the settled jurisprudence of the Courts has been that the United States "has charged itself with moral obligations of the highest responsibility and trust" in Indian affairs. Seminole Nation v. United States, 316 U.S. 296, 297 (1942). As the Court observed in Heckman v. United States, 224 U.S. 413 (1912) at 437:

> Out of its peculiar relation to these dependent peoples sprang obligations to the fulfillment of which the national honor has been committed. . . .

Thus, the Supreme Court often has held the United States to "the most exacting fiduciary standards" and to be bound "by every moral and equitable consideration to discharge its trust with good faith and fairness." Seminole Nation v. United States, 316 U.S. 296; United States v. Payne, 264 U.S. 446, 448 (1924). Most recently, the Court held the government to an "overriding duty to deal fairly with Indians" in Morton v. Ruiz, 415 U.S. 199, 236 (1974). Even more recently, the Ninth Circuit Court of Appeals has held that "any federal government action is subject to the United States' fiduciary responsibilities toward the Indian people." Nance v. Environmental Protection Agency, 645 F.2d 701, 711 (9th Cir.) cert. denied, ___ U.S. ____ (1981).

The EPA ignores this well established jurisprudence, which embodies the very guts of the federal trust responsibility owing to Indian tribes by the federal government and has served as the foundation for the Agency's Indian policy, by refusing to request direct and sufficient funding to meet the critical environmental needs of the Indian tribes. The responsibility for providing funds and technical assistance to the Tribes to address tribal environmental needs lies not with the States, but with the EPA itself. State of Washington v. EPA, 752 F.2d 1465 (9th Cir.) (1985). This Committee should provide the EPA the financial wherewithal to honor its fiduciary commitment to Indian tribes in F.Y. 1987 to fully protect reservation environments.

VETERANS ADMINISTRATION

WITNESS

DR. THOMAS J. RYAN, PRESIDENT, AMERICAN HEART ASSOCIATION

Mr. **Green**. Dr. Thomas Ryan, President of the American Heart Association.

Dr. **Ryan**. I am Dr. Thomas Ryan, Professor of Medicine at Boston University School of Medicine. I am certainly pleased to have this opportunity to offer the following comments and funding recommendations regarding the Veterans Administration's Medical Research Service (MRS) program.

Mr. **Green**. We will put your full statement in the record and let you proceed informally.

Dr. **Ryan**. Given the magnitude of the problem of cardiovascular disease causing almost a million deaths yearly, it is estimated that almost 64 million Americans have one or more forms of cardiovascular disease. I think the magnitude of the problem is clear.

We estimate that the total economic cost associated with cardiovascular diseases to be over $102 billion in direct medical expenses and lost output due to disability and death. We find there is some encouragement, though, in the war against cardiovascular diseases with the death rate for all cardiovascular diseases between 1964 and 1984 declining almost 35 percent or so.

But the VA Medical Research Service program, and in particular its cardiovascular research support, while it makes up a small portion of the overall VA budget, we believe it really deserves strong support of both the American Heart Association and Congress.

The Administration's fiscal year 1987 budget includes $164.4 million for the VA MRS program, and that is a 3.2 percent increase over 1986, but the President's fiscal year 1987 request is 2.5 percent below the level appropriated for the MRS program by Congress in 1986.

We just think there are some very key portions of this MRS program that are of particular concern to the American Heart Association and its entire biomedical research objectives.

First of all, the Investor-Initiated Research Program of the VA under the President's budget, the program would receive just about 3.5 percent increase.

The Cooperative Studies Program is kind of unique to the VA. Under the President's budget, this program mechanism would receive a 13 percent increase in key cardiovascular investigations, including a study to determine the efficacy of antiplatelet therapy on graft patency after coronary bypass surgery; a study comparing surgical and medical treatment for asymptomatic blockages in the carotid arteries and its consequences in causing stroke; a study comparing the efficacies of angioplasty, a new way of revascularizing the heart against bypass surgery.

These are cooperative study programs that uniquely can be performed by the VA.

A perfect example of the VA preeminence, in this area they were the very first group to do a randomized trial to bypass surgery.

They did it in 1970. The NHLBI wasn't able to mount a similar study until 1976.

In Europe, the European Cooperative Study didn't get underway until 1974. So, the VA has a long track record of very major considerations in the area of cooperative studies program, and we think it is critical that it be continued to be supported at realistic levels.

Career Development Awards would be increased by 3.6 percent. Again, career development awards within the VA have had a great pay-off, and you have seen just premiere investigators funded by that mechanism.

So, although the President's budget includes reaching these program mechanisms, about a four percent decrease in full-time equivalents have been proposed for the MRS program.

We believe this kind of support and these kinds of reductions in FTEs is very shortsighted and overlooks the contributions that in this so-called, if you will, captive population, really can be done.

The emphasis of the VA cardiovascular research is of a clinical nature. It is not fundamentally basic bench.

This is very hard to find support for this research through the NHLBI mechanisms or even the American Heart mechanisms, and we have to keep alive this whole clinical thrust that can be accomplished within the VA. It is less unique in that it suffers many of the same problems that pervade the entire research community in terms of obsolete research equipment and outdated laboratory and animal care facilities in which to conduct their state-of-the-art research.

So, we urge the Subcommittee to give consideration to appropriating increased funds for renovation, construction, and instrumentation at all of the VA research facilities.

NHLBI is also aware for the need for fiscal restraint, but we feel the potential negative long-range effects on the health of the nation is due to cutbacks in these research programs if they are not fiscally funded in 1987.

The President's budget includes a slight increase in the VA program. We do not believe it goes far enough in an area that has been uniquely productive. We recommend an appropriation of $186.4 million for fiscal year 1987 for the VA Medical Research Service program.

An appropriation of this amount, I think, will allow for an overall increase of 10.6 percent over the fiscal year 1986 appropriation, and it will allow the momentum that has already been gained in cardiovascular diseases within the VA to continue.

We thank you for this opportunity.

[The statement of Dr. Thomas J. Ryan follows:]

1110 Vermont Avenue Northwest Suite 820 Washington, D.C. 20005 202 822 9380

American Heart Association
Office of
Public Affairs

Statement of the

AMERICAN HEART ASSOCIATION

Presented by

Thomas J. Ryan, M.D.

President

on FY 1987 Funding for the

Veterans Administration Medical Research Service Program

before the

Subcommittee on HUD-Independent Agencies

U.S. House of Representatives

The Honorable Edward P. Boland, Chairman

May 7, 1986

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WE'RE FIGHTING FOR
YOUR LIFE

I am Dr. Thomas Ryan, Professor of Medicine at the Boston University School of Medicine, and President of the American Heart Association (AHA). I appear today on behalf of the AHA's 120,000 volunteers, 40,000 scientific members and over two million program and fundraising volunteers. I am very pleased to have this opportunity to offer the following comments and funding recommendations regarding the Veterans Administration's Medical Research Service (MRS) program.

Cardiovascular disease is responsible for almost one million deaths each year. Currently it is estimated that over 63.6 million Americans have one or more forms of cardiovascular disease -- high blood pressure afflicts an estimated 57.7 million individuals; 4.7 million have coronary artery disease; 2.1 million suffer from rheumatic heart disease; and over 1.9 million Americans have suffered a stroke. Heart disease, stroke and related disorders account for almost as many deaths as all other causes of death combined. In addition, there is growing evidence that shows the incidence of heart attack may no longer be on the decline. In 1986, the total economic costs associated with cardiovascular disease are estimated to be over $102 billion in direct medical expenses and lost output due to disability and death. However, there is encouraging evidence that we are making progress against these diseases. Between 1964 and 1984 the death rate for all cardiovascular diseases declined by 39 percent.

There are many reasons for this encouraging trend: a greater stress on preventive medicine; a higher level of awareness and concern on the part of the general public regarding healthy lifestyles; and most importantly, remarkable research breakthroughs in the cardiovascular field, and the translation of these important findings into clinical practice. These research advances not only save lives and improve medical treatment of patients with cardiovascular disease, but result in a significant savings of tax dollars as well. It has been estimated that for each dollar spent in biomedical research, there is a return of $10 to $16 in reduced illness and medical costs due to increased life expectancy. Specific examples of advances in the cardiovascular field which have lead to significant cost savings are advances in coronary artery surgery research and percutaneous transluminal coronary angioplasty (PTCA) which have resulted in annual net savings to the nation of over $654 million.

The Veterans Administration Medical Research Service (MRS) program, and in particular its cardiovascular research support, makes up a small portion of the overall VA budget, however, we believe that it deserves the strong support of the AHA and the Congress as well. While the primary purpose of the VA health care system as a whole is the provision of high quality health care services to eligible veterans, the research supported by the VA Department of Medicine and Surgery is part of the total health care system of this country -- discoveries resulting from VA-supported research benefit science and this Nation's health as a whole.

In addition, research findings are helpful in meeting the changing needs of veteran patients. Because the veteran population is growing older -- by the end of the century the number of veterans over the age of 65 will double to nine million -- the VA has made the study of the aging process and diseases that affect the elderly a high priority. The study of blood pressure regulation is but one of the areas under investigation in this overall effort. Progress in the controlling blood pressure and other aging-related disorders will not only improve the quality of life for elderly veterans but will reduce the need for more expensive long term medical and nursing care in the future within the VA health care system.

The Administration's FY 1987 budget includes $164.4 million for the VA MRS program, a 3.2 percent increase over the FY 1986 funding level (adjusted for Gramm-Rudman) of $159.3 million. The President's FY 1987 request is 2.5 percent below the level appropriated for the MRS program by Congress in FY 1986. The following components of the MRS program are of concern to AHA:

- Investigator-Initiated Research: this program supports approximately 1,800 investigators and constitutes 75 percent of the MRS budget. Under the President's budget, this program would receive a 3.5 percent increase.

- Cooperative Studies Program: currently, this program supports 24 clinical trials and it provides a mechanism whereby studies on the effectiveness of diagnostic or therapeutic techniques can achieve statistically significant results by pooling data on patients from a number of VA hospitals. Under the President's budget this program mechanism would receive a 13 percent increase. Key cardiovascular investigations in this program include: a study to determine the efficacy of antiplatelet therapy on graft patency after coronary bypass surgery; a study comparing surgical and medical treatment for asymptomatic carotid stensosis and its importance in the development of stroke; and a study comparing the efficacy of angioplasty and bypass surgery in the treatment of patients with arteriosclerosis in the lower extremities.

- Career Development Awards: this program supports approximately 180 clinician scientists who spend the majority of their efforts on medical research. This program is highly competitive and only 30 - 40 percent of the approved applications can be funded. Under the Administration's budget, career development awards would be increased by 3.6 percent.

Some key additional areas of cardiovascular research in which the VA currently is working include: investigations into the understanding and treatment of hypertension; the study of new and established antiarrhythmic drugs; basic and clinical electrophysiology; the study of alcohol's effect on cardiovascular disorders; the clinical application of new techniques of myocardial scintigraphy; the study of the role of coronary artery bypass surgery in coronary artery disease; and further investigation regarding the understanding and treatment of congestive heart failure.

As is evident, the emphasis of VA cardiovascular research is clinical in nature. The VA supports more clinical researchers and more M.D. principle investigators than the NIH as a whole. Thus, the VA assumes a unique role in the research community because of its ability to translate immediately basic research findings into the VA clinical practice setting.

The VA is less unique in that is suffers many of the same problems that pervade the entire research community: mainly obsolete research equipment and out-dated laboratory and animal care facilities in which to conduct state-of-the-art research. Although funds for these items are not included in the MRS portion of the VA's budget, we urge the Subcommittee to give consideration to appropriating increased funds for renovation, construction and instrumentation for all VA research facilities.

Another unique aspect of the VA MRS program is that it is subject to limits on the number of clinicians it can employ in its VA facilities around the country. Therefore, only a fixed number of individuals can apply for research grants, although the number of applications has grown slightly over the last five years. Insufficient increases in funding only compound this problem. Although 62 percent of VA research applications are approved each year, only half of those approved are actually awarded because of the lack of available funds.

Although the President's budget includes increases for each of the program mechanisms described above, a four percent decrease (-147) in FTEE's has been proposed for the VA MRS program. AHA believes that these proposed reductions in research personnel are short-sighted in light of need the VA's to prepare for future needs of veterans -- by the year 2000, almost two out of every three elderly males will be eligible for VA medical care.

The AHA is keenly aware of the need for fiscal restraint, however, we are concerned about the potential negative long-range effects on the health of the Nation if cutbacks in biomedical research programs are not sufficiently funded in FY 1987. Although the President's budget includes a sight increase for the VA MRS program, we do not believe that it goes far enough. Therefore, we recommend an appropriation of $186.4 million for FY 1987 for the VA Medical Research Service program. An appropriation of this amount will allow for an overall increase of 10.6 percent over the FY 1986 appropriated level for the biomedical research activities of the VA.

The American Heart Association firmly believes that today's investment in biomedical research will lead to great future returns -- further decreases in death rates due to heart disease and stroke; reduced federal outlays for hospital and long-term care expenses; a well-trained cadre of biomedical researchers; and a more healthy and productive society. A 10 percent increase in VA research funds would continue current research momentum in cardiovascular disease within the VA and assist in maintaining the VA's vital role in the overall scientific effort in this field.

We thank you for the opportunity to appear before your Subcommittee and I will be happy to answer any questions you may have.

Mr. **Green**. I gather from what you are saying that the big advantage of having the VA do research as opposed to the National Institutes or something of that sort, is the fact you have a large patient population all under one roof that is available for clinical purposes.

Dr. **Ryan**. Indeed. It is unique in that sense, and it is not in lieu of the National Institutes, but VA has a chance, I believe, in which to do certain research we can't do elsewhere in this country.

Mr. **Green**. Mr. Mollohan?

Mr. **Mollohan**. No questions. Thank you.

VETERANS ADMINISTRATION

WITNESS

JAMES N. MAGILL, DIRECTOR, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. **Green**. Mr. James Magill from the VFW.

Mr. **Magill**. Thank you very much.

I would like to congratulate Mr. Mollohan on his appointment to this Committee. We, of course, are going to miss him very much on the Veterans Affairs Committee, but congratulations, sir.

Mr. **Mollohan**. Thank you very much.

I am pleased to see you before this Committee and before the Veterans. I look forward to working with you. Thank you.

Mr. **Magill**. Mr. Chairman, I thank you for the privilege of allowing us to appear before this distinguished Subcommittee to present the views of the more than two million men and women of the Veterans of Foreign Wars of the United States.

As you know, the budget has not yet been established. We do know, however, there are areas where serious consideration is being given in making very deep cuts in veterans benefits entitlements and, in general, the VA's ability to serve its constituents. The budget proposed by the President for Veterans Administration represents a decrease of $408 million for the current fiscal year.

There were approximately 27.8 million veterans, 49.4 million family members are living veterans, and 2.1 million survivors of the deceased veterans. It should also be noted the population's life expectancy is on the rise. As a result, the Veterans Administration is on the threshold of having to accept new challenges in providing benefits to those people.

For those reasons, the VFW finds the proposed fiscal year 1987 budget severely lacking in the basic funding levels to provide for this challenge and to preserve the integrity of the total VA system. The House Veterans Affairs Committee also agrees with us in this assessment of the President's recommendations. With that, they have reported recommendations to you for an increased amount of funding level. We believe the President's proposal takes direct aim at undermining the integrity of the VA's ability to provide adequate health are to our nation's veterans.

This is very much of a concern of ours right now. Outlays for fiscal year 1987 medical care programs would be $102.4 million less than provided for in fiscal year 1986.

This next area I will touch on is we find very unfair and very much of concern. Existing medical care staff would be cut by nearly 8,000 personnel. This is in addition to $120.4 million and 1,340 personnel reductions just recently placed into effect as a result of Gramm-Rudman-Hollings.

What this means is a grand total of over 1,300 nurses and almost 500 physicians will not be in VA hospitals caring for the increasing patient load. This budget proposal requires that 57,354 fewer veterans receive this patient treatment from the VA and proposes a further reduction of 1.1 million in outpatient visits during fiscal year 1987. These are by the VA's "guesstimates," also.

The VA estimates that up to 37,000 veterans are already being turned away each month from VA health care facilities.

At a time when the Administration is voicing its concern about the aging veteran and its obligation to provide extended care, we find it curious the budget proposal does not properly address this concern also. The VA proposes to reduce its present 40 percent share of nursing home beds to 30 percent. We believe that the VA should do the primary medical caring of veterans. We know they can't do it all, especially in the nursing home care, and to put the most of the burden on the community—we feel the VA is much better equipped to take care of its own, if you will.

We are also concerned about the decrease in major construction projects from five a year to two. At this rate it appears the VA will have a very difficult time in providing modern facilities for their acute and long-term care responsibilities. The VFW believes it essential to initiate an aggressive modernization and replacement program inasmuch as 53 percent of the VA's beds are housed in buildings over 30 years old.

We hope that you and your Subcommittee will take into consideration our concerns with the Administration's proposed budget for fiscal year 1987. We realize there is a responsibility to cut spending. The veterans of this country have, I believe—this is a conservative figure, but have contributed $2 billion since 1981 in cost savings, and we feel that the VA is getting right down to the bare bones. Of course, if there is fat, it should be trimmed, but it is getting to the point where we think it is going to be increasingly more difficult for the Veterans Administration to be able to care for this Nation's veterans.

That is all.

Mr. **Green**. Thank you very much for your statement.

[The statement of James N. Magill follows:]

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

STATEMENT OF

JAMES N. MAGILL, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

THE VETERANS ADMINISTRATION APPROPRIATION FOR THE FISCAL YEAR 1987

WASHINGTON, D. C. MAY 7, 1986

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Mr. Chairman and members of the Subcommittee, thank you for the privilege of appearing before this distinguished Subcommittee to present the views of the more than two million men and women of the Veterans of Foreign Wars of the United States. In order to be consistant and avoid confusion, my testimony will address the outlay function of the budget.

Mr. Chairman, as of this writing, the budget for the Veterans Administration has not been established. At this point, there is no way of knowing what dollar amounts will finally be agreed upon by the Senate, the Congress and the President. We do know, however, those areas where serious consideration is being given in making deep cuts in veterans benefits, entitlements and, in general, the VA's ability to service its constituents.

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According to the Administration, on September 30, 1985, there were approximately 27.8 million veterans, 49.4 million family members of living veterans and 2.1 million survivors of deceased veterans. While obviously only a portion of these people will be utilizing the many VA benefits and entitlements available to them, the VA must be prepared to adequately meet these needs. In addition, that population's life expectancy is rising because of modern science and medicine. As a result, the Veterans Administration is on the threshold of having to accept new challenges in providing benefits and entitlements to those eligible. It is for these reasons the VFW finds the proposed fiscal year 1987 VA budget severely lacking in the basic funding levels to provide for this challenge and to preserve the integrity of the total VA system.

Mr. Chairman, as you know, the budget proposed by the President for the Veterans Administration for the fiscal year 1987 is $26,600,000,000 in budget authority. This figure represents a decrease of $408,000,000 from the current fiscal year. In outlays for fiscal year 1987, the President proposes a spending level of $26,300,000,000--down $185,000,000 from the current fiscal year. It should be noted, the House and Senate Veterans' Affairs Committees as well as the Senate Committee on the Budget also agree with our assessment of the President's recommendations. It is evident they too believe the President's request is inadequate. In each case, these committees have recommended higher amounts.

In what appears to be a disappointing trend (and what very well may be disastrous), the VA's portion of the Federal budget continues to shrink year after year. The VA's proposed budget outlays for fiscal year 1987 is only 2.5 percent of the total outlays of the Federal budget--the lowest percentage in recent history.

Unquestionably, the President's proposal takes direct aim at undermining the integrity of the VA's ability to provide adequate health care to our nation's veterans. Let the numbers speak for themselves. Outlays for fiscal year 1987 medical care programs would be $102,400,000 less than provided for in fiscal year 1986. Existing medical care staff would be cut by nearly 8,000 personnel. This is in addition to the $120,400,000 and 1,340 personnel reductions just recently placed into effect as a result of Gramm-Rudman-Hollings. This means that a grand total of over 1,300 nurses and almost 500 physicians will not be in VA hospitals caring for the increasing patient load. This budget proposal requires that 57,354 fewer veterans receive inpatient treatment from the VA and proposes a further reduction of 1.1 million in outpatient visits during fiscal year 1987. The VA estimates that up to 37,000 veterans are already being turned away each month from VA health-care facilities.

Mr. Chairman, at a time when the Administration is voicing its concern about the aging veteran and its obligation to provide extended care, we find it curious the budget proposal does not properly address this concern. In fact, the VA proposes to reduce its present 40% share of nursing home beds to 30%. While we certainly commend the VA's attempt to address this problem by initiating the conversion of a portion of their acute-care beds to long-term care beds, however, we believe greater emphasis should be placed on this effort.

It is our understanding only a net gain of 59 nursing care beds would be realized under the conversion plan. Taking into consideration there are 172 VA hospitals, this equates to .34 beds per hospital--hardly enough to make an impact in this much needed program. The VA must recognize that the aging veteran will require increased acute care so, therefore, the conversion strategy must not be allowed to undermine the VA's acute-care capability.

It is obvious, the current budget reflects OMB's directive to reduce actual major construction projects from five projects a year to two. At this rate, it appears the VA will have a very difficult time in providing modern facilities for their acute and long-term care responsibilities. The VFW believes it is essential to initiate an agressive modernization/renovation/replacement program inasmuch as 53% of VA's beds are housed in buildings over 30 years old.

The VFW applauds the proposed increase in outlays for medical and prosthetic research from about $181.5 million in fiscal year 1986 to approximately $187.3 million in fiscal year 1987. This represents an increase of about $5.8 million in an area in which the VA has long been regarded as a leader and for which there is no replacement in the private sector. VA medical and prosthetic research has brightened and improved the lives of those veterans for whom this nation owes its greatest debt--those who sacrificed their physical and mental and, yes, even spiritual well-being in the service of their country. Further, it must be remembered that in providing for these very special citizens, the VA has also improved the lot of each and every American. Unfortunately, within the area of medical programs, reductions in outlays are being proposed in medical administration, miscellaneous operating expenses, grants to the Republic of the Philippines, the Canteen Service Revolving Fund, and the Special Therapeutic and Rehabilitation Activities Fund. Once again, the VFW is alarmed that reductions are being proposed within the VA's medical programs at a time when the facts clearly argue for an increase.

Personnel reductions are not only going to be felt in medical care but also in the Department of Veterans Benefits. While DVB shows an overall increase of 400 personnel, regional offices will lose about 211 key support service personnel. This decrease is justified by the dubious claim they will not be needed because of modernizations in the delivery system. While we support this modernization effort, we only wish to remind this subcommittee to look back to the 1970s when vast premature reductions of Regional Office personnel were carried out on the basis of the TARGET system which never fulfilled its promise. Actually, when the 400 personnel increase in DVB is closely scrutinized, this increase is for the most part only a paper transfer of computer operators from the old Office of Data Management and Telecommunications.

The proposed budget contains numerous legislative proposals, some of which will totally destroy proven, beneficial programs. One proposal calls for the redefining of the eligibility requirements for receiving a cemetery plot allowance. As you know, we opposed the elimination of the $300 burial allowance for those not in receipt of disability compensation and we certainly oppose the attempt to deny a similar benefit--the $150 plot allowance to this same group of veterans.

The President is also asking Congress to approve legislation affecting the VA Home Loan Guaranty Program by increasing the loan origination fee from the current one percent to two percent. This fee would gradually be increased to 3.8% by 1990. We believe this increase is totally unnecessary inasmuch as the revised estimated demand for a VA guaranteed loan will generate increased revenue from the current one-percent user's fee. I would like to point that an increase in the user's fee in all likelihood would prove counterproductive by decreasing the demand and therefore reducing revenue.

Another initiative proposed by the Administration is the repeal of the new GI Bill. Mr. Chairman, the VFW does not understand how the Administration could even consider such a proposal. In hearings held by the House Veterans' Affairs Committee, just a few months ago, evidence and testimony clearly affirmed the program as being a total success. Preliminary data have shown the new GI Bill as being directly responsible for dramatic gains in military recruitment and retention allowing our nation to maintain and improve its strength levels for both active duty and reserve forces while avoiding a return to the draft. The program's cost will be offset several times over by reductions in bonus pay and training costs. We believe it would be a tremendous mistake to have encouraged thousands of young recruits to join the military and obtain an education under this specific program then suddenly deny them that opportunity. The United States Army in a document prepared in response to this budget decision stated the repeal of the new GI Bill will cause "widespread confusion and turbulence" and damage the recruiting program. The document also stated: "(The GI Bill) is a low cost, highly visible means for economically deprived youth to finance a higher education and fully achieve their potential...New soldiers in the Army are participating in the new GI Bill at rates dramatically higher than the previous education program."

In closing, Mr. Chairman, permit me to take this opportunity to express the appreciation of the Veterans of Foreign Wars of the United States to this Subcommittee and the House Appropriations Committee for having over the years demonstrated genuine compassion and consideration for our nation's veterans and, also, to their understanding with respect to our concerns and recommendations.

Mr. GREEN. Mr. Mollohan?

Mr. MOLLOHAN. Did I understand you to say there are 1.1 million fewer outpatient visits?

Mr. MAGILL. Yes, sir.

Mr. MOLLOHAN. This year?

Mr. MAGILL. This will be with the funding levels proposed by the Veterans Administration. It would mean they would have to turn away 1.1 million outpatient visits.

Now, that is not the number of veterans; that same veteran could go back five, six, seven times during the year, but he may be turned away five, six, seven times.

Mr. MOLLOHAN. What policy change would be made in order to affect the criteria allowing them to turn away veterans?

Mr. MAGILL. My first thoughts on that would be the reduction in staff.

If they do not have the people—they obviously have the room, the space, because that cannot be changed unless they close down a wing, say, of a hospital.

Mr. MOLLOHAN. You are suggesting——

Mr. MAGILL. The staff is the way they could do it.

Mr. MOLLOHAN. There is an inability to handle the volume; therefore, they would be turned away.

Mr. MAGILL. Yes, sir.

They are doing that right now in a lot of cases. I mentioned around 30,000 a month are being turned away, primarily for that reason just the staffing loss.

Mr. COUGHLIN. Mr. Chairman.

Mr. MAGILL. Mr. Coughlin?

Mr. COUGHLIN. Thank you very much.

We appreciate your testimony very much. This Committee has always expressed concern for our veterans.

Mr. MAGILL. We know that, and we appreciate your help very much, too.

Thank you very much.

Mr. GREEN. We stand in recess until 10:00 a.m. tomorrow morning.

THURSDAY, MAY 8, 1986.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

JAY JACOBSON, BOYCE THOMPSON INSTITUTE, CORNELL UNIVERSITY

BOYD KENNAN, UNIVERSITY OF ILLINOIS, CHICAGO, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND GRANT COLLEGES

Mr. BOLAND. The Committee will come to order.

We are delighted to have as our guests today Dr. Jay Jacobson from the Boyce Thompson Institute at Cornell and Dr. Boyd Kennan, University of Illinois, representing the National Association of State Universities and Land Grant Colleges. You are here regarding the EPA budget, as I understand it.

Dr. JACOBSON. Yes, that is correct. I am Jay Jacobson, a Plant Physiologist at the Boyce Thompson Institute for Plant Research at Cornell University. I have been carrying out research on the effects of atmospheric pollutants on plants since 1960, and I am a consultant to the Clean Air Science Advisory Committee of the Science Advisory Board of EPA.

Presently, I am directing research on the effects of acid rain on crops and trees. I am here today to testify on behalf of the Committee on Energy and Environment of the National Association of State Universities and Land-Grant Colleges. The purpose of this testimony is to comment on the availability of adequate funding for long-range basic and applied research on environmental problems within EPA and at universities and organizations outside of EPA.

Mr. Boland, and gentlemen, I appreciate very much the opportunity to present this testimony on behalf of the NASULGC.

The National Academy of Sciences in 1977 reported to the U.S. EPA the findings of their study entitled "Research and Development in the EPA." The report described the role that research and development should play within EPA and how EPA might obtain the kind of scientific and technical information they need to support their mission.

The Academy identified three objectives for research by EPA: (1) research to directly support decision making, (2) research to anticipate environmental problems, and (3) research to advance fundamental analysis of environmental processes that is not supported by other agencies.

We submit that the ever-increasing urgency of environmental problems and limited resources for support of research have forced EPA to commit a major share of these resources to the first goal, that of conducting research to directly support decision making.

Only limited resources have been committed to the second and third goals. During the last nine years, it appears that EPA's support of research on emerging environmental problems and research to advance fundamental knowledge of environmental processes has suffered. This is a serious problem that should be considered in the EPA budget development process.

The Committee on Environment of the National Association of State Universities and Land Grant Colleges has provided testimony before this Committee each year since 1983. Each year, the words have been different but the theme has been similar: it is essential for EPA to support research of all kinds, but especially long-term research, if it is to fulfill its mandate to regulate and abate the introduction of man-made toxic substances into the air, water and soil environments.

We must know where in our environment the impacts might occur, how they might affect living and non-living components of the environment, and how these substances may persist, be transformed, and transported over the long term.

EPA cannot fulfill its regulatory functions without an understanding of basic and applied environmental processes ranging from atmospheric chemistry to transport, deposition, and ecological effects. Increased support for long-term basic and applied research will not only improve our understanding of biological problems posed by environmental contamination, but will also provide a reservoir of scientific information in many disciplines that can be used to accomplish EPA's missions and to assist Congress in its guidance of what EPA's goals and methods should be.

In recent years, EPA has shifted the awarding of research funds from grants to cooperative agreements and contracts in order to have more control of specific objectives, schedules and procedures for the support of mission-oriented research.

Grants are useful for support of longer-term, fundamental research because they allow flexibility and encourage initiative, creativity and originality. The shift away from research grants and lack of funds for fundamental research leaves us with serious gaps in our basic understanding of environmental processes that is needed to support and improve the credibility of mission-oriented research.

This problem was recognized in 1977 when the Academy of Sciences report stated that: "EPA has consistently felt unable to sustain certain important research programs, especially those . . . that require a stable, long-term commitment of resources.

"In this category are programs conducted to anticipate future environmental problems and to advance fundamental scientific understanding, as well as some programs that have direct bearing on decision making, but need a long time, such as environmental epidemiology."

During the last nine years, these deficiencies have become more serious, and we support the Academy suggestion that provision be made through the budgetary process to provide a wider base of support within EPA for long-term, fundamental research on environmental issues.

The existence of stable, long-range research programs at our universities and research institutes will provide the future manpower needs for EPA and for this Nation's industries. Scientists trained in these programs will have the capacity to solve environmental problems before we blunder into some new ones that prove to be of national or international significance.

Three examples of the need for a long-term research agenda can be offered, two that have proven successful, the other, still in its infancy.

The first is the EPA-sponsored National Crop Loss Assessment Network; the second is the EPA Research Centers of Excellence Program, and the third is the recently initiated EPA/U.S. Forest Service cooperative efforts in forest decline—the so-called acid rain and forest program.

The NCLAN program was designed as a long-term study to define the relationships between yields of major agricultural crops and three major air pollutants: ozone, sulfur dioxide, and nitrogen dioxide, and their mixtures. The results were to be used to provide an economic assessment of air pollution-induced crop loss and to support the development and/or review of National Ambient Air Quality Standards.

At its inception, the program was designed to advance the understanding of cause and effect relationships that determine crop response to air pollutants. Secondary objectives included the combined action of pollutants and other stresses important in agriculture such as drought, diseases, and insects.

Early in the program, a lack of funds forced EPA to focus the research only on the pollutant ozone, and there has been relatively little field research with other important pollutants or their combinations.

Although we now know that ozone is the most damaging air pollutant to plant life in this country, ozone does not occur alone in the atmosphere, and effects of mixtures remain largely unknown. Despite elimination of some of the original primary objectives and all secondary objectives of NCLAN because of reduced funding, the program has been successful because it has included scientists from many disciplines, who benefitted from excellent cooperation, coordination, and dedication of scientists in the EPA laboratory at Corvallis, and at the four research sites at North Carolina State University, Argone National Laboratory, The University of California at Riverside, and at the Boyce Thompson Institute at Cornell University.

After five years of field and laboratory research, NCLAN's first economic estimates indicate that the benefits that would accrue if the level of ozone was reduced only 25 percent below that of 1980 for corn, soybean, wheat, cotton, barley, and grain sorghum would be $1.8 billion, and if ozone increased 25 percent above current levels it would cost the consumer $2.1 billion in 1980 dollars.

These are only preliminary estimates, but they are based on sound econometric principles. They do not, however, include the regional losses that would be sustained with many other crops, such as grapes and vegetables in California, apples in New York, or citrus crops in Florida, which although small in national terms, can be devastating to local economies. Few, if any, of these crops have been studied nor is there any plan to continue the NCLAN program to do so.

The second example of how long-term research can benefit EPA is the program on Research Centers of Excellence, first established in 1979. Their purpose is to provide (1) research training that emphasizes long-term environmental problems, (2) forecasting of future problems by focusing and evaluating a large body of basic scientific knowledge, and (3) providing guidelines with respect to the kinds of research needed to evaluate the extent of existing and emerging problems.

The research centers are devoted to different areas of research and, although awarded competitively, are distributed throughout the U.S. As has generally been the case with EPA support, year-to-year uncertainty in funding can seriously disrupt the programs in terms of personnel and as the overall programs relate to long-term effects and assessments.

The third program deals with the unexplained decline of spruce and fir forests of eastern North America, although decline of a number of other species, including sugar maple and several species of pines, have been reported. In areas where this problem exists, there is decreased growth and increased mortality of forest trees, and their natural cycle of regeneration has been disrupted.

One of the reasons for this decline may be that the development of fossil fuels for energy, transportation, and industrial production has produced primary air pollutants, which have led to the formation of secondary pollutants such as acid rain.

Although there may be some agreement among scientists with regard to the effects of acid rain on lakes and fisheries, we are still not certain of the degree of effects of acid rain on crops and forests.

On the one hand, there is evidence that acid rain in its present composition and degree of acidity may have no effects—or even beneficial effects—on certain crops.

On the other hand, acid rain may be responsible for long-term detrimental effects on forests of not only eastern North America, but also Europe. In 1983, testimony to this Senate Committee by NASULGC, we stated that, ". . . we can presume that acid rain is a principal cause of the problem, but we should not ignore the long-term effects of ozone and the possibility of its combined effects with acid rain and other stresses."

As presently constituted, the new EPA/U.S. Forest Service Consortium to study the decline of forests appears to have a three-year life span. A problem that took perhaps one or more generations to evolve, considering the complexities of forest ecosystems, can in three years only begin to suggest the most profitable directions for a long-term research program.

Finally, the only EPA program where scientists can apply for truly peer-reviewed competitive funding to support individual research projects, the EPA Competitive Grants Program, will be all but decimated if the proposal for funding from an already impoverished $10.8 million is cut by $3.8 million. In 1981, $21 million was allotted for this program, which in 1986 dollars would be about $28 million. It would appear that funding for grants is inversely related to the seriousness of environmental problems.

There are a great many unanswered questions concerning the effects of atmospheric pollution on man's health and on the general quality of the environment. A great deal of information is and will be needed to understand better that we can and should tolerate in the environment, what can be done to ameliorate problems with which we are currently faced, and perhaps most importantly, what can be done to prevent severe environmental problems in the future.

I would be happy to answer any questions you may have and if I can't answer them at the moment, I would be glad to submit further information for you.

[The statement of Dr. Jacobson follows:]

TESTIMONY ON EPA APPROPRIATIONS BILL

Presented to House Appropriations Committee
Subcommittee on HUD and Independent Agencies
by

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May 8, 1986

I am Jay S. Jacobson, a Plant Physiologist at the Boyce Thompson Institute for Plant Research at Cornell University. I have been carrying out research on the effects of atmospheric pollutants on plants since 1960 and I am a consultant to the Clean Air Science Advisory Committee of the Science Advisory Board of EPA. Presently, I am directing research on the effects of acidic rain on crops and trees. I'm here today to testify on behalf of the Committee on Energy and Environment of the National Association of State Universities and Land-Grant Colleges (NASULGC). The purpose of this testimony is to comment on the availability of adequate funding for long-range basic and applied research on environmental problems within EPA and at universities and organizations outside of EPA.

In 1977, the National Academy of Sciences reported to the U.S. EPA the findings of their study entitled: "Research and Development in the EPA". The report described the role that research and development should play within EPA and how EPA might obtain the kind of scientific and technical information they need to support their mission. The Academy identified three objectives for research by EPA: (1) research to directly support decision making, (2) research to anticipate environmental problems, (3) research to advance fundamental analysis of environmental processes that is not supported by other agencies. We submit that the ever-increasing urgency of environmental problems and limited resources for support of research has forced EPA to commit a major share of these resources to the first goal, that of conducting research to directly support decision making. Only limited resources have been committed to the second and third goals. During the last nine years, it appears that EPA's support of research on emerging environmental problems and research to advance fundamental knowledge of environmental processes has suffered. This is a serious problem that should be considered in the EPA budget development process.

The Committee on Environment of the National Association of State Universities and Land Grant Colleges (NASULGC) has provided testimony before this Committee each year since 1983. Each year, the words have been different but the theme has been the same: it is essential for EPA to support research of all kinds, but especially long-term research, if it is to fulfill its mandate to regulate and abate the introduction of man-made toxic substances into the air, water, and soil environments. As scientists and environmentalists, we must know where in our environment the impacts might occur, how they might affect living and non-living components of the environment, and how these substances may persist, be transformed, and transported over the long term.

EPA cannot fulfill its regulatory functions without an understanding of basic and applied environmental processes ranging from atmospheric chemistry to transport, deposition, and ecological effects. Increased support for long-term basic and applied research will not only improve our understanding of biological problems posed by environmental contamination, but will also provide a reservoir of scientific information in many scientific disciplines that can be used to accomplish EPA's missions and to assist Congress in its guidance of what EPA's goals and methods should be.

In recent years, EPA has shifted the awarding of research funds from grants to cooperative agreements and contracts in order to have more control of specific objectives, schedules, and procedures for the support of mission-oriented research. Grants are useful for support of longer-term, fundamental research because they allow flexibility and encourage initiative, creativity, and originality. The shift away from research grants and lack of funds for fundamental research leaves us with serious gaps in our basic understanding of environmental processes that is needed to support and improve the credibility of mission-oriented research. This problem was recognized in 1977 when the Academy report stated that: "EPA has consistently felt unable to sustain certain important research programs, especially those ... that require a stable, long-term commitment of resources. In this category are programs conducted to anticipate future environmental problems or to advance fundamental scientific understanding, as well as some programs that have direct bearing on decision making, but need a long time, such as environmental epidemiology." During the last nine years, these deficiencies have become more serious and we support the Academy suggestion that provision be made through the budgetary process to provide a wider base of support within EPA for long-term, fundamental research on environmental issues.

The existence of stable, long-range research programs at our universities and research institutes will provide the future manpower needs for EPA and for this nation's industries. Scientists trained in these programs will have the capacity to solve environmental problems before we blunder into some new ones that prove to be of national or international significance.

Three examples of the needs for a long-term research agenda can be offered, two that have proven successful, the other, still in its infancy.

The first is the EPA-sponsored National Crop Loss Assessment Network (NCLAN), the second is the Research Centers of Excellence program, and the third is the recently initiated EPA/U.S. Forest Service cooperative efforts in forest decline (the so-called acid rain and forest program). The NCLAN program was designed as a long-term study to define the relationships between yields of major agricultural crops and three major air pollutants, ozone, sulfur dioxide, and nitrogen dioxide, and their mixtures. The results were to be used to provide an economic assessment of air pollution-induced crop loss and to support the development and/or review of National Ambient Air

Quality Standards. At its inception, the program was designed to advance the understanding of cause-and-effect relationships that determine crop response to air pollutants. Secondary objectives included the combined action of pollutants and other stresses important in agriculture such as drought, diseases, and insects. Early in the program, a lack of funds forced EPA to focus the research only on ozone, and there has been relatively little field research with other important pollutants or their combinations. Although we now know that ozone is the most damaging air pollutant to plant life, ozone does not occur alone in the atmosphere, and effects of mixtures remain largely unknown. Despite elimination of some of the original primary objectives and all secondary objectives of NCLAN because of reduced funding, the program has been successful because it has included scientists from many disciplines, who benefitted from excellent cooperation, coordination, and dedication of scientists in the EPA laboratory at Corvallis, and at the four research sites at North Carolina State University, Argonne National Laboratory, The University of California at Riverside, and at the Boyce Thompson Institute at Cornell University. After 5 years of field and laboratory research, NCLAN's first economic estimates indicate that the benefits that would accrue if the level of ozone was reduced only 25% below that of 1980 for corn, soybean, wheat, cotton, barley, and grain sorghum would be $1.8 billion, and if ozone increased 25% above current levels it would cost the consumer $2.1 billion (in 1980 dollars). These are only preliminary estimates, but they are based on sound econometric principles. They do not, however, include the regional losses that would be sustained with many other crops, such as grapes and vegetable crops in California, apples in New York, or citrus crops in Florida, which although small in national terms, can be devastating to local economies. Few, if any, of these crops have been studied nor is there any plan to continue the NCLAN program to do so.

The second example of how long-term research can benefit EPA is the program on Research Centers of Excellence, first established in 1979. Their purpose is to provide (1) research training that emphasizes long-term environmental problems, (2) forecasting of future problems by focusing and evaluating a large body of basic scientific knowledge, and (3) providing guidelines with respect to the kinds of research needed to evaluate the extent of existing and emerging problems. The centers are devoted to different areas of research and, although awarded competitively, are distributed throughout the U.S. As has generally been the case with EPA support, year-to-year uncertainty in funding can seriously disrupt the programs in terms of personnel and as the overall programs relate to long-term effects and assessments.

The third program deals with the unexplained decline of spruce and fir forests of eastern North America, although decline of a number of other species, including sugar maple and several species of pines, have been reported. In areas where this problem exists, there is decreased growth and increased mortality of forest trees, and their natural cycle of regeneration has been disrupted. One of the reasons for this decline may be that the development of fossil fuels for energy, transportation, and industrial production has produced primary air pollutants, which have led to the formation of second pollutants such as acid rain. Although there may be some agreement among scientists with regard to the effects of acid rain on lakes and fisheries, we are still not certain of the degree of effects of acid rain on crops and forests. On the one hand, there is evidence that acid rain in its present composition and degree of acidity may have no effects (or even beneficial effects!) on certain crops and forests. On the other hand, acid rain may be responsible for long-term detrimental effects on forests of not only eastern North America, but also Europe. In 1983 testimony to this Senate Committee by NASULGC, we stated that ".....we can presume that acid rain is a principal cause of the problem, but we should not ignore the long-term effects of ozone and the possibility of its combined effects with acid rain and other stresses".

As presently constituted, the new EPA/U.S. Forest Service Consortium to study the decline of forests appears to have a 3-year life span. A problem that took perhaps one or more generations to evolve, considering the complexities of forest ecosystems, can in three years only begin to suggest the most profitable directions for a long-term research program.

Finally, the only EPA program where scientists can apply for truly peer-reviewed competitive funding to support individual research projects, the Competitive Grants Program, will be all but decimated if the proposal for funding from an already impoverished $10.8 million is cut by $3.8 million. In 1981, $21 million was allotted for this program, which in 1986 dollars would be about $28 million. It would appear that funding for grants is inversely related to the seriousness of environmental problems.

There are a great many unanswered questions concerning the effects of atmospheric pollution on man's health and on the general quality of the environment. A great deal of information is and will be needed to understand better what we can and should tolerate in the environment, what can be done to ameliorate problems with which we are currently faced, and perhaps most importantly, what can be done to prevent severe environmental problems in the future.

Mr. **Boland**. You mentioned that you were involved in research in acid rain and, as you know, the share of EPA's research budget going to acid rain has been increasing steadily, from $15 million in 1982 up to $60 million this year. To some extent this increase has been offset by reductions in long-term research. How do you see the trade-off between these two areas?

You have got a very healthy program there. Have you any idea to the extent to which Appropriations should be made to meet the objectives that this association is looking for?

Dr. **Jacobson**. The universities and colleges have special resources that can be used particularly to support the longer term, basic research on environmental problems. Acid rain is an excellent example of this because as I just mentioned with regard to forests, the only way we are really going to understand the impact of acid rain on our forests is through longer term research.

The reason for that has to do with the longevity of trees and the longevity of the cycles in the forest.

Mr. **Boland**. Are you saying there ought to be longer term research on acid rain?

Dr. **Jacobson**. Yes, that is exactly what I am saying.

Mr. **Boland**. There are a lot of people who don't agree with you here.

Dr. **Jacobson**. I don't think there would be——

Mr. **Boland**. I don't mean here but——

Dr. **Jacobson**. There wouldn't be much point in coming up here and saying to you the same thing everybody else is saying. One of the reasons for this testimony is that in recent years, as evidenced by that 1977 National Academy report eight years ago, the Academy was saying that there is less and less long-term basic research in EPA that is needed to support their mission and eight years later we find that trend has continued.

That is a basic message that we want to convey to you, that this is not a good trend, that the balance between short-term mission oriented research and the longer term basic research has been shifting and is continuing to shift, and this does not bode well for our ability to understand our environmental problems.

Mr. **Boland**. Mr. Green.

Mr. **Green**. There has been a proposal that we spend $5 billion on acid rain research. Now, I assume much of that would go for pollution control technologies rather than the kind of research you are talking about. But what kind of dollars are you talking about for your kind of research, your part of the problem?

Dr. **Jacobson**. We don't really have a good handle on the balance between the longer term and mission-oriented research in dollars at the present time. I think we would need to have that kind of information before we could come up with a recommendation as to how that balance should be shifted in quantitative terms.

So I am afraid I am not able to give you hard figures. All I can say to you is that over the past decade there has been a very definite shift toward the mission-oriented research because of the political importance, the immediate need for information of these problems.

But we find that the certainty with which we can draw conclusions that you can use to set policies can only be increased by carrying out a balanced program of both the long-term basic research and the short term mission-oriented research.

Mr. **Green**. Thank you, Mr. Chairman.

Mr. **Boland**. Mrs. Boggs.

Mrs. **Boggs**. Thank you, Mr. Chairman.

I thank you for your testimony and I am sorry I was not here for all of it.

Mr. **Boland**. Alan?

Mr. **Mollohan**. Thank you, Mr. Chairman.

Doctor, I want to commend you on what I consider to be your excellent testimony. If I understand what I hear you saying, you have a rational approach to some very important problems. I would like to understand exactly what part of the acidic deposition problem you are talking about conducting research on. Where do you fit in with that? What research are you suggesting ought to be undertaken?

Dr. **Jacobson**. We are not making a recommendation as to which specific areas within the scope of acid rain research should or should not be funded. The basic message here has to do with the longer term basic research, the balance between that and the shorter term research and the resources that are available within this nation in universities and colleges to help with this.

Mr. **Mollohan**. Yours is a general proposition we ought to be doing more long-range research.

Dr. **Jacobson**. That is right. There was within EPA a continuing problem of answering immediate needs and at the same time providing the basis of scientific knowledge to support the specific recommendations that EPA may make with regard to the environment and to control of the missions of pollutants.

So we are not making specific recommendations in subject areas. It is a general one with regard to basic research.

Mr. **Mollohan**. Are you familiar with the kinds of research that are being presently undertaken with regard to acidic deposition?

Dr. **Jacobson**. I am familiar with the research having to do with crops and forests in both acid deposition and with regard to our gaseous pollutants such as ozone and sulfur dioxide.

I am not familiar with the lakes, aquatic and fish research.

Mr. **Mollohan**. If I ask you questions about what modelling research is being done or what research is being done looking at long distance in local transport you wouldn't be able to speak to that?

Dr. **Jacobson**. No. I am sorry. I am not involved in that field.

Mr. **Boland**. Would you like to add something? You have to do it rapidly.

Dr. **Kennan**. My name is Boyd Kennan, a political scientist.

Mr. **Boland**. You are from?

Dr. **Kennan**. The University of Illinois.

Mr. **Boland**. We had better let you speak or Mr. Rostenkowski will be upset.

Dr. **Kennan**. Last year when you were kind enough to ask me to speak here, I felt rather intimidated as a mere political scientist. I think events of the past year have illustrated graphically just how important political and institutional dynamics can be in environmental research in this country and around the world.

Of course, the prime examples are the recent Chernobyl accident and the host of international inter-governmental and institutional and political dilemmas which are emerging from it. As we speak, of course, the Chernobyl cloud does hang over most of the world. Leaders of few, I think, if any countries have failed to ask if research organizations are truly in place and adequately funded to produce findings which can help us to anticipate the frightening new family of environmental threats.

While your hearing today is necessarily geared to the President's proposed budget for 1987, as submitted in January, I assume it is in order to cast a couple of comments against the backdrop provided by the subsequent and highly significant events.

Incidentally, I have been involved in the board management of acid rain and other atmospheric research projects as a political scientist over the past ten years. In fact, your Committee in 1975, along with your counterpart in the Senate, did mandate EPA to do a major study of the impacts of power plants on these six States in the Ohio Valley that are now viewed as the villains—and some of you are the victims, in this whole arena.

So although I am not a technologist, I think probably I have been involved as long as anyone else in the broad research area with respect to acid rain. In fact, our study which you funded from 1976 to 1981 to the tune of $4.5 million and was entitled the ORBS project, Ohio River Basin Project, has been identified by EPA as the largest multi-disciplinary, multi-institutional study that has ever been done.

The irony of this to your question, sir—the irony of that project was that in 1975 when you folks and your counterpart in the Senate did mandate this study, the concern was over local impacts. After we had been involved in the study for two years, in 1977, I think, Jay, that was about the first time that the attention of decision makers in this country was drawn to the phrase acid rain.

You asked about models. We had developed with the help of the work that had been done in Europe, we had developed I think probably the first continental models that had been devised in this country.

I will submit my prepared statement but I think I won't go on other than to summarize by saying, Mr. Chairman, that the Chernobyl accident in the Soviet Union, the acid rain situation, both in Europe and in North America and the hazardous waste threat in all industrial countries represent a new family of frightening threats which have graphically been brought into focus since I appeared before your Committee a year ago.

My comments last year in behalf of the Environmental Committee of the Association were rather bland because it seemed to me at that time the 144 universities in this association could really not crystallize, conceptualize how they might cooperate with EPA and other agencies on these problems.

Incidentally, I might insert here I assume that your Committee is very familiar with NAPAP, National Acid Precipitous Assessment Program. Jay may have covered that before I came in, but from the viewpoint of a political scientists, one who is interested as much in policy or more in policy perhaps than science, as my distinguished colleague is, it seems to me that the greatest weakness presently in both EPA's program and the NAPAP program is the lack of integration, the lack of integrating all the information that has been accumulated and integrate it in a way that it can be made meaningful to those of you in the Congress who must make policy.

But since last year I think several things have come into focus. First, all American universities, all great American universities have a great untapped intellectual resource for attacking these problems that I have cited.

Second, public institutions in particular have a responsibility to identify and respond to environmental crises and challenges as they arise.

Third, the EPA has a responsibility to meet these challenges. It now seems to me that we have a great opportunity to actually focus on these problems, because Lee Thomas has approached our committee just in the past year asking us if we would help him in the development of a very serious set of symposia, conferences and kinds of gatherings to look at all of these problems and to see if there is any way that EPA, NAPAP and other organizations can harness the expertise in these universities.

Finally, it seems to me, that it is imperative that Congress provide Mr. Thomas and the Agency with additional funding which is targetted specifically for research in these problems that are truly cosmetic in nature in a way they were not a year ago. I think you might do well to examine some of those speeches that Mr. Ruckelshaus made right before his departure where he said that he felt acid rain represented the most cosmetic issue that civilization has ever been asked to face and that he felt it might be—that is, acid rain research might be used as a prototype to gear up the scientists and the policy committee and the Congress to face these additional problems coming down the pike.

Goodness knows Chernobyl may be exhibit A in that regard.

Thank you, sir, for your courtesy.

[The statement of Dr. Kennan follows:]

TESTIMONY ON FY 1987 APPROPRIATIONS BILL
U.S. ENVIRONMENTAL PROTECTION AGENCY
(OFFICE OF RESEARCH AND DEVELOPMENT APPROPRIATION)

SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

BY

DR. BOYD KEENAN
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UNIVERSITY OF ILLINOIS AT CHICAGO (UIC)
INSTITUTE OF GOVERNMENT AND PUBLIC AFFAIRS
UNIVERSITY OF ILLINOIS (SYSTEM-WIDE)

MEMBER, COMMITTEE ON THE ENVIRONMENT
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

MAY 8, 1986

INTRODUCTION

Also speaking today in behalf of the Environment Committee of the National Association of State Universities and Land-Grant Colleges (NASULGC) is Dr. Jay S. Jacobson, plant pathologist. He will focus upon the availability of adequate funding for long-range basic and applied research on environmental problems.

I wish to place on the record comments which likewise relate to funding for long-range research funding but also present our Committee's views on institutional arrangements and possibilities for strengthening them.

When invited last year to appear before your committee, I felt rather intimidated, as a mere political scientists and student of government and science. Environmental research is complex and taxes the intellect of even our most distinguished physical and biological scientists. But events of the past year have illustrated graphically just how important politcal and institutional dynamics can be in environmental research in this country and around the world.

Prime examples are the recent Cherynobyl accident and the host of international, inter-governmental, institutional, and political dilemmas which are emerging from it. As we speak, of course, the Cherynobyl cloud hangs over most of the world. And leaders of few—if- any—countries have failed to ask if research organizations are truly in place and adequately funded to produce findings which can help us anticipate a frightening new family of environmental threats.

While your hearing today is necessarily geared to the President's proposed EPA budget for 1987 as submitted in January 1, I assume it is in order to cast our comments against the backdrop provided by subsequent and highly significant events. The Cherynobyl accident is only the most recent. Your committee is well aware of a shift in the White House position on acid rain and the almost-daily escalation of concerns relating to hazardous wastes, ground water contamination, toxic waste dumps, and industrial accidents.

The temptation is great to speculate about the likely character of lsuch a budget if it has produced this past week in light of the above developoments. Because so many relevant events have occurred since submission of the President's budget, the NASULGC environmental panel urges your committee to particularly heed the rationale for existence of a stable, long range research program at American universities and other research organizations developed in the testimony by Dr. Jacobson. As he notes, adequately funded and well-trained scientists will have a greater capacity to solve environmental problems before we blunder into new ones of national and international significance.

As you know, a communications gap—if not a state of alienation— existed for several years between EPA and the nation's scientific community, particularly from 1981 through 1984. However, as if in anticipation of such unexpected events as recently witnessed, more than a year ago the present EPA leadership invited the NASULGC committee to explore with the agency various options for more effectively harnassing scientific expertise in American universities.

This resumption of a dialogue with a major sector of higher education represents a healthy reversal in relations between EPA and the academic community. Though renewed communications have not yet been translated into either adequate funding or optimal cooperation of the sort demonstrated during the agency's early years, our committee applauds the efforts by Administrator Lee Thomas to rebuild these critical bridges. His predecessor, William Ruckelshaus, had begun to seek renewal of these relationships during the final weeks of his tenure. However, the necessity of restoring a sense of integrity and confidence within EPA understandably left little time for rebuilding agency-university linkages with Ruckelshaus himself had initiated more lthan a decade earlier.

We believe your committee would be well advised to review certain of the public addresses made by Ruckelshaus during his final weeks as administrator. He identified the lack of convincing research findings on acid rain as his "greatest disappointment" while providing EPA leadersship and described the phenomenon as the first "cosmic issue" of a family of such challenges soon to be confronted by this country and the world. He also suggested that multi-disciplinary organizational structures—formed to address acid rain and involving EPA and the nation's greatest research institutuion—might well serve as prototypes for the other cosmic research challenges.

Administrator Thomas has recently expressed his desire to explore with groups of universities promising organizational models—both those proven to be effective in the past and new ones—which could link EPA to university research expertise. Recent developments relating to both acid rain and nuclear reactor safety attest to the availability of at least two prototype problems. These and others appear to cry out for attention on a scale not unlike that utilized for the wartime Manhattan Project and the early space commitment to place men on the moon.

The 144 institutional members of NASULGC—as well as other American institutions of higher learning—contain many distinguished scientists who are engaged in significant environmental research. Many are already involved in research areas cited above. But these appears to be consensus both among government officials and university leaders that truly effective organizational models for managing environmental research—utilizing the most capable scientists available in this country—have not yet been discovered.

Nucelar reactor accidents and acid rain have demonstrated clearly that the "cosmic" issues of which Ruckelshaus spoke cannot be contained within national boundaries. It would appear that research programs of the sort envisaged here—on a number of problems—would require the participation of Canada and perhaps a number of other countries. It would also be necessary to incorporate rtain of existing federal inter-agency environmental task force research efforts.

We urge your committee to encourage Administrator Thomas to proceed with symposia, conferences, and other vehicles necessary to explore new cooperative relationships between EPA and America's major research universities. The acid rain dilemma has demonstrated well that the regional character of many environmental problems pit certain sections of this country against one another and Canada and the United States against one another. Thus great care must be taken to build research organizations which are free of regionally-based political influence. Only objective and scientifically-sound requests for proposals, open competition, and peer review procedures can provide such guarantees.

No one can predict at this time just what form new cooperative research organizations might take. Models are available from past experience, and no doubt symposia on the matter will produce a great many proposals for new structures. Dr. Jacobson has described two long-term research activities which he believes have proven successful, plus a third which is still in its infancy.

We see no reason why key congressional committees such as yours should not mandate EPA leadership in such efforts and attach specific provisions for their funding in the appropriations bill for FY 1987. Some of the most significant research undertaken under EPA auspices since its establishment was mandated originally by an appropriations committee and then carried out through agency leadership and peer review processes which involved the nation's most respected scientists and engineers.

Your companion sub-committee in the Senate initiated such legislation in 1975, resulting in multi-university effort which is believed by many to have launched the most significant comprehensive multi-state acid rain research undertaking in this country. In a statement before your Committee one year ago I made reference to that study. But let me add a few more words.

In 1975, concerned over local and short-range impacts from a concentration of power plants in portions of the Ohio Valley, several members of the Senate committee took the initiative in directing EPA "to conduct an assessment of the potential environmental, social, and economic impacts" of the proposed concentration of such facilities in the Ohio basin.

In the spring of 1976, EPA's administrator at that time, Russell Train, asked me and an engineering colleague to develop a research design for such a study. He then invited us to prepare a proposal for managing and directing research. Our proposal was selected through a peer review process. Train's chief of research and development later described the project, known as the Ohio River Basin Energy Study (ORBES), as "probably the largest multi-university, multi-disciplinary study ever undertaken". A dramatic irony associated with this project justifies some elaboration here and—I believe—makes a graphic case for sustained environmental research by universities and other scientific organizations.

Recall that I noted that the Senate committee was concerned eleven years ago about short-range effects of the power plants on water, land, and air. After little more than a year into the four-year project, our researchers concluded that the most severe air quality impacts were long-rance in nature, rather than short range. Researchers from almost a dozen NASULGC universities cooperating in this effort were aided by EPA's own laboratories and independent research organizations. Most important of all, perhaps, was the fact that literature produced earlier by scientists concerned with European impacts from polluted air masses traveling from one country to another, supplied the foundation for this work. We found from 1976 to 1981 that there is no substitute for research cooperative areas state and national boundaries. As you will recall, long-range transport of air pollutants and the associated phenomenon of acid rain were suspected as threats by only a few American scientists in 1976.

The sum total of the ORBES project — a creation of a congressional committee — was described by the former EPA chief cited above as "bringing home to many midwestern and national political figures the reality of long-range transport of air pollutants, especially acid precipitation". But the point here is not which group of scientists played the major role in identifying long-range transport as a critical phenomenon; many other scientists in North American and European universities were reaching the same conclusion. Two points need emphasizing — partially as a result of the ORBES experienc: (1) sustained long-term research conducted by a variety of researchers funded by EPA over a period of many years led to desperately-needed findings relating to acid precipitation; of course many other questions have not yet been answered with respect to this phenomenon; and (2) a study specifically mandated by the Senate subcommittee and agreed to by your committee proved critically-important for addressing many associated problems beyond the single problem identified in the mandate. This unique characteristic of research — discovery of new knowledge that can assist in unexpected ways — is best achieved through continuous support, not erratic start/stop methods.

Mr. **Boland**. Thank you, Dr. Kennan. Thank you Dr. Jacobson.

Mrs. **Boggs**. Doctor, before you leave, there is something I would like to ask. When the President went to Canada last year, met with the Prime Minister and appointed Drew Lewis as the "Ambassador of acid rain," a great deal of coordination of the various studies in this regard was to be undertaken.

Also, the President's Commission on Environmental Quality, the in-house White House Commission, was to be the lead agency in coordinating all of the efforts. Can you give us any notion if there has been any progress in that regard?

Dr. **Kennan**. Are you linking the appointment of Ambassador Drew Lewis to CEQ's function?

Mrs. **Boggs**. No. CEQ was the lead agency to try to coordinate all the other agencies and they were to advise Mr. Lewis.

Dr. **Kennan**. CEQ is one of 12 agencies, as you know, that is a member of NAPAP. It would seem to me that there has been a great deal of difficulty doing that very thing. It is no secret that there is considerable in-fighting, understandably, among these 12 agencies that make up NAPAP and the problem of CEQ or any other agency trying to integrate, I think, is made difficult because of the proverbial tough question.

Mrs. **Boggs**. But it was a Presidential directive.

Dr. **Kennan**. Well, with the many, many years of agency proprietary interest, I think, whether one looks at EPA, the Department of Agriculture or NOAA, CEQ, Department of Interior, NSF and others, I think one must take this into consideration. Those of us at the University, some of us feel that maybe there is need for an integration effort involving some independent group.

Mrs. **Boggs**. Thank you very much.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

ANDREW A. HOLTAN, NATIONAL ENVIRONMENTAL TRAINING ASSOCIATION

Mrs. **Boggs**. We would like to hear now from Andrew A. Holtan from the National Environmental Training Association.

Welcome, Mr. Holtan. Your entire submission will be made part of the record and you may proceed as you wish.

Mr. **Holtan**. Very good. I will paraphrase my comments.

Good morning. It is a pleasure to speak to this Committee again. My testimony is presented on behalf of the National Environmental Training Association, NETA, in recognition of the need for a national commitment to the development of a competent environmental work force.

NETA is a not-for-profit association of environmental trainers. Our testimony today will focus on training needs and environmental quality and toxic waste. There is an equal urgent need in other environmental fields as most notably drinking water.

During the past five years, training programs supported by your Committee and Congress have reached over a thousand small communities and their wastewater treatment facilities. A substantial number of these plants have been brought into compliance primarily because of on-site wastewater treatment plant operator training and technical assistance.

These improvements have been achieved very cost effectively; the average cost per plant assisted has been between $8,000 to $9,000, a very wise investment in those programs which could perhaps go into the millions of dollars. We believe that this program has been the most successful approach for achieving small facilities compliance.

In addition, EPA is supporting the State-to-State Project with NETA. The multi-year project is currently helping States develop more effective, self-sufficient operator training and integrated municipal facilities compliance programs. We are doing this in the form of a State action training plan.

We present some success stories there in the cases of Vermont, Maryland and Georgia and could add another half a dozen States to that list already. We know that EPA is pleased with the overall success of the outreach technical assistance program because the Agency is initiating a complementary EPA staff on-site assistance program within the agency.

Despite this progress, we do not believe the program can be terminated yet. There are over 12,000 small systems in this country and most of them have some compliance problems and training needs. We are concerned about fiscal year 1987 funding. We recognize the implications of balanced budget requirements and the program's reliance on add-on funding.

We had hoped, but not expected, that EPA would request funds in this budget. Because the Agency has not, we are requesting this Committee seriously consider a $1.5 million to $2 million add-on budget for one more year.

We are aware that the Committee has provided municipal facilities compliance guidance and additional resources to EPA and States over the past few years and to the extent that you do so again in fiscal year 1987, we ask you to encourage EPA and States to use these and other Federal funding sources to continue to support training programs.

Addressing the hazardous waste issue for a moment, the lack of a competent hazardous waste work force continues to be of an even greater concern in this country. The work force crisis in this area is imminent. This Committee in its July 1985 report stated the single greatest constraint to more effective environmental programs is the lack of a qualified skilled environmental work force.

Since the States bear first-line responsibility for program operation, the crisis in work force training is most critical at that level. The Office of Technology Assessment in their Superfund strategy in March 1985 identified shortages of experienced technical experts in several fields that may, in fact, explain the lack of quality performance.

The report continues that many States lack technical know-how and people and for the most part States have difficulties in obtaining experienced technical professionals and in retaining them. The States are then the training ground for the Federal Government and the private sector.

The crisis proportions of this work force need are summarized by the OTA: not enough technical specialists, little time to control sites and costs so great they may be impossible to meet.

The GAO report and its assessment of EPA's hazardous waste enforcement strategy in September of 1985 noted EPA strategy does not identify the training or skills needed and there is evidence of an apparent training and skill shortage.

The cover story for *Time* Magazine, October 4, 1985, concluded that the longer we wait, the greater the damage will be and the higher the final cost will be.

Program recommendations. While indeed supporting fiscal responsibility and State self-sufficiency for environmental training capabilities, we recognize that an abrupt and complete elimination of all Federal support would result in near abolishment of training in many States.

Therefore, an orderly transition period is necessary to enable States to prepare for this enormous responsibility and to develop individual State strategies and State training action plans to gradually assume this responsibility.

We recommend the following four actions. One, establish a training function at U.S. EPA headquarters and at each U.S. EPA regional office; two, continue on-site technical assistance and fiscal management assistance; three, increase Section 106 funding to help States implement training plans of action; four, conduct a detailed evaluation of hazardous waste training needs and resources.

This study should be carried out by those organizations and State agencies which are actually involved in training and lead to development of model State training action plans. We have provided specific fiscal recommendations for the Committee's consideration and I appreciate the opportunity to testify on behalf of the professional environmental training community.

Thank you.

[The statement of Mr. Holtan follows:]

Statement on Behalf of the

NATIONAL ENVIRONMENTAL TRAINING ASSOCIATION

as Testimony for the

CONGRESSIONAL OVERSIGHT HEARINGS

Concerning Programs of the

U.S. ENVIRONMENTAL PROTECTION AGENCY

Submitted to

Subcommittee on Housing & Urban Development
and Independent Agencies of the
Committee on Appropriations of U.S. House of Representatives

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Prepared by

Government Affairs Committee
National Environmental Training Association

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INTRODUCTION

This testimony is presented on behalf of the National Environmental Training Association (NETA) in recognition of the need for a national commitment to the development of a competent environmental workforce. This testimony summarizes the current status of training capabilities (including an overview of what has been accomplished with previous Federal appropriations), and presents recommendations for program direction and future appropriations.

NETA is a not-for-profit association of professional environmental trainers, supported primarily by grants, member dues and services. An environmental trainer is a vocational instructor in the environmental field or a "troubleshooter" who provides technical assistance in the operation and maintenance of water and wastewater treatment plants (as well as in other types of environmental facilities and systems).

Environmental trainers may be employed by community colleges, universities, state training centers or local/state/federal government, as well as by consulting firms, industry and other private sector firms.

NETA's membership encompasses all sectors of environmental training; however, this testimony focuses on training needs in water quality control and toxic/hazardous wastes. The urgent need for training exists as well in the other environmental fields (air and noise pollution, solid waste and drinking water).

TRAINING & TECHNICAL ASSISTANCE TO PUBLICLY OWNED TREATMENT WORKS (POTWs)

During the past five years, training programs supported by your Committee and Congress have reached over a thousand small communities and their wastewater treatment facilities. A substantial number of these plants have been brought into compliance primarily because of on-site wastewater treatment plant operator training and technical assistance. Training programs have also increased local and State support operations and maintenance, operator training, and user charge systems for self-sufficiency; they have improved compliance reporting and local financial management; reduced infiltration, inflow problems and energy and sludge handling costs. These improvements have been achieved very cost-effectively; the average cost per plant assisted has been between $8-9,00u. Without reflecting on overall EPA or State implementation of the National Municipal Policy, we believe that this program has been the most successful approach for achieving small facilities compliance.

In addition, EPA is supporting the State-to-State Project with NETA. The multi-year project is currently helping States develop more effective, self-sufficient operator training and integrated municipal facilities compliance programs. For instance, Vermont has added training staff to its program, Maryland is using State aid for the Chesapeake Bay Technical Assistance Project, and Georgia has reworded its state plan to include technical assistance as an effective enforcement tool. NETA strongly supports the development of State self-sufficiency in the area of training and through our contact with the States, we believe most of them agree with this concept. Currently, the Section 104 (g)(1) grants are leveraging substantial additional amounts of State funds and State staffing. In addition, we understand that the $600,000 reduction in the FY 1986 add-on funds reflects Congressional encouragement to States for self-sufficiency. In both FY 1985 and FY 1986, EPA has been requiring increased State matching funds for these grants and States have been very supportive.

We know that EPA is pleased with the overall success of the outreach technical assistance program because it initiated a complementary EPA staff on-site assistance program this year that will reach additional small communities in nearly every State. The program seems to make sense to everyone involved since it is producing outstanding State and local results for a very small Federal investment.

Despite this progress, we do not believe the program can be terminated yet. There are over 12,000 small (under 1 million gallons per day) municipal treatment facilities in the country, most of which have some compliance problems and training needs. Plants that the program has helped come into compliance once are not necessarily staying in compliance. The momentum that has developed in States for expanding and integrating their O&M, operator training and compliance programs will be under even greater competing pressures given the projected reductions in Federal funding and the 1988 compliance deadline.

We are obviously concerned about FY 1987 funding, recognizing the implications of balanced budget requirements and the program's reliance on add-on funding. We have hoped, but not expected, that EPA would request funds in its budget. Because it has not, we are requesting that you seriously consider a $1.5 - $2 million add-on for one more year. This will put States and EPA on notice and provide needed time for implementing alternative approaches. Although we believe that direct 104 (g)(1) funding is preferable, we are also proposing an alternative approach.

In its Report to Congress, EPA expressed support for State use of both Clean Water Act Section 106 program grants and Section 205(g) construction management assistance grants to develop improved operations and maintenance and operator training programs. There has been some, but very limited, State progress in this area. Congressional support for incorporating operator training and compliance technical assistance as integral parts of the National Municipal Policy implementation strategy and as a national 106 and/or 205(g) funding priority would result in needed Federal transition funding in many States.

We are aware that the Committee has provided municipal facilities compliance guidance and additional resources to EPA and States over the past few years. To the extent you do so again in FY 1987, and as an alternative to direct 104 (g)(1) add-on funding, we ask you to encourage EPA and State use of these and other Federal funding sources to continue supporting our mutual objectives.

HAZARDOUS WASTES TRAINING: A WORKFORCE CRISIS

The lack of a competent hazardous wastes workforce continues to be an even greater concern to our country. In fact, too few competent and experienced professionals in the hazardous wastes field have significantly impeded our efforts to effectively manage hazardous wastes and a workforce crisis in this area is imminent, unless we do something to prevent it.

The House Committee on Appropriations, in its July 1985 report, stated that:

> . . . the single greatest constraint to more effective environmental programs is the lack of a qualified and skilled environmental workforce. In the near future, substantial increases in the need for trained environmental staff are projected for industry, federal, state and local governments. These staff shortages affect all environmental programs, but appear most severe in the hazardous waste program area. Since the states bear first-line responsibility for program operation, the crisis in workforce training is most critical at that level. (p. 28).

In a report by the Office of Technology Assessment (OTA) on the Superfund Strategy in March 1985, the following observations were made:

> In case histories of Superfund cleanups by OTA and others there is evidence of significant problems in the quality of technical work. . . . Moreover, a shortage of experienced technical experts in several fields may explain a lack of quality performance now and it may cause a major bottleneck in an expanded Superfund program. . . .(p. 32).

As the report notes the lack of competent and experienced professionals in the hazardous wastes field is most acute at the state level:

> . . . many states lack technical know-how and people to assume major responsibilities for leading cleanups, or to carry out other aspects of the Superfund program such as site identification, selection, and long-term monitoring. . . . For the most part, states have difficulties obtaining experienced technical professionals. Even with current spending, the demand for such professionals is so great that most states cannot offer competitive salaries. (p. 36).

The states, as the training ground for the federal government and the private sector, must continually hire inexperienced people and attempt to develop competencies with severe limitations on training and financial assistance.

The crises proportions of this workforce need are well summarized by the OTA:

> . . . not enough technical specialists, little time to control sites to prevent great damage to public health and the environment, and costs so great that they might be impossible to meet. In other words, a planning mistake now based on an underestimate of the national cleanup problem could result in an environmental crisis years or decades from now. (p. 17).

The General Accounting Office (GAO) followed the OTA report with an "Assessment of EPA's Hazardous Waste Enforcement Strategy" in September 1985. The GAO reports:

> - EPA's strategy does not identify the training or skills mix needed to meet the 90-percent compliance goal.
>
> - There is evidence of apparent training and skills shortages, particularly in the groundwater-monitoring area. (p. 13).

The report referred to congressional testimony provided on April 29, 1985, by the EPA Acting Assistant Administrator for Solid Waste and Emergency Response, who stated that state personnel structures often result in a state's inability to attract and maintain staff skills important to the RCRA program. The authors of the GAO report also stated that the regions and states they visited also had skills mix and training concerns. Both EPA and State hazardous wastes workforces have been identified by very credible sources as experiencing shortages of qualified staff.

On October 14, 1985, the cover of Time Magazine graphically portrayed "The Poisoning of America '85 - Toxic Wastes" by showing a half skull/half human head sinking and disintegrating in a pool of hazardous waste. This may be taken as evidence that the entire country is focusing its attention on this immediate problem. We must act responsibly and quickly. We cannot afford to ignore the plight of the workforce in the hazardous waste field. As the Time article quotes, "The longer we wait, the greater the damage will be and the higher the final clean-up cost will be."

The findings of the OTA and GAO reports, as well as those from Time's article, correspond quite closely to personal observations made by several members of this NETA Governmental Affairs Committee.

PROGRAM RECOMMENDATIONS

While the National Environmental Training Association supports fiscal responsibility and state self-sufficiency for environmental training capabilities, we realize that an abrupt and complete elimination of all federal support would result in the near-abolishment of training in most states. Therefore, an orderly transition period is necessary to enable states to prepare for this enormous responsibility and to develop individual state strategies which will gradually reduce federal assistance and increase local funding over a discrete period of time, ultimately resulting in state training capabilities that are primarily self-sustaining and programmatically sound.

We are now in this transition period and the National Environmental Training Association recommends that the following actions and activities be undertaken and supported by federal appropriations:

Establish a Training Function at U.S. EPA Headquarters and Each U.S. EPA Region

Within the U.S. EPA Office of Water, a focal point must be established and maintained for the training function and resources must be provided for staff positions to plan, direct, and provide overview and training grant management. With clearly-defined staff responsibilities for training, the effectiveness and efficiency of wastewater training and technical assistance activities can be maximized.

Continue On-Site Technical Assistance and Fiscal Management Assistance

The technical assistance projects begun under FY82 and FY83 appropriations are filling critical training needs at small facilities — especially those facilities not in compliance with their discharge permits. As administered by U.S. EPA, this use of federal funds is establishing the seeds of state self-directed and self-sufficient technical assistance outreach programs. These efforts are already bearing fruit and should be continued and expanded through FY87 funding under Section 104(g)(1) of P.L. 92-500.

Increase Section 106 Funding to Help States Implement Training Plans of Action

The development and implementation of state training plans will require a significant investment of human, material and financial resources. Federal support should be provided, under Section 106 of P.L. 92-500, to help states develop and implement their training plans of action. It is recommended that 106 appropriations be increased by 10% in FY87 and that these added monies be used exclusively to support the multi-year development and implementation of state training plans. This federal support will represent interim financial assistance toward the ultimate goal of self-sufficiency.

Conduct a Detailed Evaluation of Hazardous Waste Training Needs and Resources

Direct EPA to undertake a detailed evaluation of hazardous wastes training needs and resources in at least three states. This study should be carried out by those organizations and State agencies which are actually involved in training and lead to the development of model State training plans for building a fully effective workforce for hazardous waste management, compliance and enforcement.

FISCAL RECOMMENDATIONS

U.S. EPA's Report to Congress and NETA's program recommendations outlined above present significant challenges for environmental training. These challenges require a national commitment backed by financial support. The National Environmental Training Association recommends the following federal appropriation levels to support the environmental training goals recommended herein:

WATER QUALITY: P.L. 92-500

Section	Amount	Purpose
104(g)(1)	$2,000,000	(1) to continue on-site training and technical assistance and financial management assistance; (2) to small waste water treatment plants to provide technical assistance to state pollution control agencies
106	For FY85, a 10% increase over current level of total Section 106 appropriations	These added monies will be used exclusively to assist states in quickly achieving the goal of the training plans of actions fiscal and programmatic self-sufficiency
HAZARDOUS WASTES:		
RCRA	$1,000,000	(1) for conducting a detailed evaluation of hazardous waste training needs and resources in at least three states; (2) developing model State training plans, and; (3) providing technical assistance to all states for the development of programmatic and fiscal self-sufficiency.

The National Environmental Training Association appreciates this opportunity to provide Testimony on behalf of the environmental training profession.

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[3] "Assessment of EPA's Hazardous Waste Enforcement Strategy." GAO/RCED - 85 -166, September 5, 1985. General Accounting Office, United States Government. Washington, DC.

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[5] "July 1985 Report." Subcommittee on Housing & Urban Development and Independent Agencies of the Committee on Appropriations of the House of Representatives. Washington, DC.

Mrs. BOGGS. Thank you very much.

Mr. Green.

Mr. GREEN. I gather from your testimony that you think a one-year phase-out would do for the water training end of it?

Mr. HOLTAN. I am trying not to be too optimistic. I personally think that for some states that would be all that is needed. Of the 17 that we are working in, probably half of them will within that year attain self-sufficiency.

The other half, eight states, or so, are probably going to take a longer period of time. If the program appears successful, and I think it does, I will be back next year perhaps asking for additional funding for that year.

Mr. GREEN. But you are talking about a two-year.

Mr. HOLTAN. Yes. That is only for 17 States, we are hoping.

Mr. GREEN. I gather the second half of your concern is the toxic waste clean-up and that is a much longer term.

Mr. HOLTAN. Absolutely. I think the approach is the same. What I am suggesting is we learn from the history of training that we undertook in wastewater in which I think we could have done more. It would have been more cost effective had we taken a different approach, a different strategy.

The strategy we are suggesting is that the states should have a hand in developing their own work force and that should not be entirely a national or EPA funded effort. It ought to be a partnership.

Mr. GREEN. Thank you.

Mrs. BOGGS. We thank you very much.

As you know, this Committee and its staff have worked with NETA in the past and we are very grateful for your work and your testimony. One of my other Committee responsibilities deals with OTA and GAO, so their conclusions are very helpful to me as well.

Thank you very much.

Mr. HOLTAN. Thank you.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

LUCILLE ECHOHAWK, COUNCIL OF ENERGY RESOURCE TRIBES

Mrs. BOGGS. We would like now to hear from Mrs. Lucille Echohawk, the Council of Energy Resource Tribes.

Your testimony will be made part of the record and you may proceed as you wish.

Ms. ECHOHAWK. Thank you very much.

Madam Chair, Members of the Committee, my name is Lucille Echohawk. I am the Executive Director of the Council of Energy Resource Tribes. I am here for Mr. Lester who could not be here himself today.

In behalf of the Council and its 42 member tribes, we appreciate the opportunity to share our views on the fiscal year 1987 budget and programs for the Environmental Protection Agency.

As you may know, the Council is literally a coalition of Indian Tribes which has grown over the years from the 25 tribes who formed it some ten years ago to a current membership of 42 tribes. Our latest additional member, admitted on the 7th of April, was the Standing Rock Sioux Tribe in North and South Dakota.

Among those 42 tribes, collectively they comprise about 60 percent of the reservation lands in this country which contain about 7 percent of the total national onshore reserves of oil and gas, about one-third of the recoverable coal in the West and about half of our nation's privately owned uranium reserves.

The CERT tribes have established protection of their natural environs as a major priority, as you might guess. Subsequently, they acquired a substantial expertise in environmental matters on the CERT staff in Denver and over the years we have worked closely with the Environmental Protection Agency in carrying out their responsibilities regarding the Indian lands in this country.

The CERT tribes, particularly those that develop their resources—and all members of CERT do not develop—but for those that do, and some notable examples are the Navajo tribe which is the largest in the country and the Fort Peck tribes of Montana and the Jicarilla Apache of New Mexico, they feel it particularly important to balance development with protection of the natural environment.

Last year in our testimony we visited with the Committee about encouraging stronger EPA to conduct a national environmental audit to identify problem areas and make recommendations for reclamation, clean up and mediation where necessary and that in so doing that they ensure that Indian reservations are adequately included.

We would just like to say again that we feel that surveys and that kind of thing are very necessary and we need more information about exactly what the problems are on Indian lands.

As you know, for Indian people the value of the environment must be measured in cultural and spiritual terms as well as economic ones and, therefore, CERT has particularly welcomed the long awaited EPA Indian policy which came into effect last year and we have worked with the EPA to discuss its implementation.

Policies without implementation aren't that meaningful. One of the things in conjunction with that policy that EPA did was the initiation of the pilot projects. Though small in number, it is our member tribes' feelings those are significant efforts and certainly should be continued and possibly expanded but, of course, we would be like everyone else in this nation, must be cognizant of the budget situation.

But we feel that they have been an effective use of EPA dollars and encourage their continuation because we think they are providing valuable guides to EPA as it implements the policy for the future.

In EPA's approach to implementing its policy, we thought we would like to especially commend them for their tribal consultation which is something that we feel is essential and they have done that.

They could always do more, of course, but we would like to commend them for what they have done and for providing for technical assistance available to the tribes. Some of that has been provided by the CERT staff.

We would also like to comment positively on EPA's recognition of the deed for specific legislation to facilitate tribal control and management of environmental protection on reservation lands.

In achieving that clearly recognized authority through legislation, tribes can more fully recognize their responsibilities to work with their neighbors and the Federal Government in the development and enforcement of environmental standards.

We request that the Committee direct EPA to be mindful that states do not, and I repeat, do not have jurisdiction over Indian lands nor do they have control of direct environmental protection efforts on Indian land.

Under existing legislation, EPA does not have clear authorities to delegate the administration of environmental programs to tribes, though they are charged with ensuring the overall protection that the nation's environmental laws and policies are applied effectively for all lands.

So it is somewhat hazy and we are working with the Agency and the appropriate Committees in Congress to get that language specified in the appropriate pieces of environmental legislation.

Those efforts are going forward and they are with the cooperation of the EPA and we would like to recognize that.

In closing, just let us say that the 42 member tribes of CERT respectfully request that the Committee direct EPA to devote sufficient fiscal and personnel resources to the administration of environmental protection activities on reservation lands and to continue to move forward in the implementation of their Indian policy.

I will be pleased to try to answer any questions that any members may have.

[The statement of CERT follows:]

TESTIMONY OF THE COUNCIL OF ENERGY RESOURCE TRIBES
BEFORE THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON HUD
AND INDEPENDENT AGENCIES

REGARDING THE ENVIRONMENTAL PROTECTION AGENCY

MAY 8, 1986

Mr. Chairman, distinguished Committee members, my name is David Lester, Executive Director of the Council of Energy Resource Tribes (CERT). CERT welcomes this opportunity to share our views with you on the Administration's FY 1987 budget and programs of the Environmental Protection Agency (EPA).

The Council of Energy Resource Tribes is a multitribal organization of 42 tribes who collectively represent nearly half of all American Indians living on or near reservations and account for some 51,000 square miles of tribal lands; about 60% of all reservation lands in the country. These lands contain 700 million barrels and 5,000 billion cubic feet of proven oil and gas reserves, respectively, which represents approximately 7% of total national on-shore reserves. The tribes also own 30 billion tons of recoverable coal which is about one-third of the recoverable coal in the west; and tribal lands contain half of the nation's privately owned uranium reserves. Additionally, they possess significant hydroelectric and geothermal potential along with substantial quantities of shale oil and tar sands deposits. This acreage sustains 10,000 full-time jobs and produces the equivalent of 364,000 barrels in oil, gas and coal production, thereby contributing to the nation's balance of trade as well by displacing that amount in imports.

It is important to note that these lands under development by our member tribes are also lands that present a special challenge to the governing bodies of reservation Indians. As the first environmentalists known to this country, Indian people are conscious of the need to balance the development of natural resources with the protection of the environment.

The 42 governments which comprise the Council of Energy Resource Tribes have established protection of their natural environment as a major mission. Subsequently, the CERT staff has compiled substantial experience with tribal environmental issues and has maintained a longstanding professional relationship with the Environmental Protection Agency.

CERT tribes are jointly committed to a program of balanced, environmentally responsible, tribally managed reservation resource protection and development. CERT members believe that energy and natural resource development must occur within and contribute to their own tribally developed frameworks for long-term economic and social development and environmental protection.

We, at CERT, know that all life, including our own, is composed of three natural elements: land, water, and air. The harmony of these three elements is crucial to the cultural, spiritual, aesthetic, physical, and economic health of the tribes that live on America's reservations.

In this regard, we note that this Committee last year expressed its desire to see that EPA conduct a national environmental audit to identify major problem areas and make recommendations concerning reclamation, cleanup, and mediation where necessary. Our member tribes applauded this recommendation and we repeat today our concern that numerous national surveys of land use, economic, and environemntal issues have virtually neglected Indian reservations. We request this committee to urge EPA to undertake this study and to insure that in its conduct the environmental issues problems and opportunities of Indian reservations are not overlooked.

For CERT tribes, then, the protection of the environment takes on a special meaning, as the value of the environment must be measured in cultural and spiritual terms as well as in economic terms. Put most simply, preservation of the environment is for all CERT tribes an end in itself. These tribal environmental values will require equally unique and flexible protection mechanisms.

It is, therefore, no surprise that we welcome the precedent-setting EPA Indian Policy. It is the only agency of the federal government that is actively and aggressively attempting to implement not only the letter but the spirit as well of the President's Indian policy. Not only has EPA been a team player in carrying out President Reagan's Indian policy decision, but it has acknowledged and welcomed the input of tribal governments in making decisions and managing environmental programs affecting reservation lands.

We especially applaud EPA's commitment initiated in 1985 to gain an environmental experience base by developing pilot projects on several reservation lands. The pilot projects are particularly important not only to the tribes directly involved, but to all Indian tribes as we work together to develop and/or enhance tribal institutional capability to implement environmental protection programs on reservation lands.

The results of these projects, which entail such activities as developing solid and hazardous waste management programs and ensuring air quality compliance, will serve as valuable guides as EPA charts its course in the months ahead.

To further serve that purpose, EPA has issued a plan for implementing its Indian policy. We are working closely with EPA on its proposed strategy, but we can say that the overall approach suggested is precisely the approach we have spent years trying to establish in other federal agencies. We especially appreciate the importance EPA has attached to tribal involvement; the outreach efforts; the importance of technical assistance; and the ultimate objective of tribal management and control of environmental protection programs on reservations.

In general, the interim strategy is a strong statement of EPA's support of federal Indian policy and tribal self-determination. The provisions of the interim strategy support the the federal Indian trust relationship in the framework of the policy of tribal self-determination and self-government program. The strategy includes affirmative steps to enhance tribal capacity to administer environmental programs and to communicate regularly with Indian tribes and organizations as further policies and legislation are developed.

We also appreciate EPA's recognition of the need for legislation to provide the opportunity for tribal direction and control of environmental protection on their reservations, and CERT member tribes look forward to working with EPA and the Congress on those issues. This, in fact, remains the principal concern of the 42 tribes that comprise the governing body of CERT; namely, as the President himself has said that the control and direction of these programs appropriately lies with "those governments closest to the people served."

In this regard, we urge this Committee to encourage EPA to continue with the program of pilot projects on reservations in order that all tribes can continue to profit from the experiences gained from this agency-tribal cooperation. And we request that the Committee encourage EPA to undertake an initiative in consultation with our tribes, to develop the necessary legislation which EPA acknowledges is needed to provide clearly the statutory authority necessary for tribal control and direction of reservation environmental protection programs.

Overall, we see in the resulting evolution of tribal environmental management, that tribes will be tailoring environmental standards that adequately protect the interests of the tribes. However, our tribes fully recognize their responsibility to work in cooperation with their neighbors and the federal government in the development and enforcement of such standards. This is inherent in all environmental laws. Simply stated, our tribes seek only an equitable opportunity under these laws to work with EPA, the states, and others as partners in the common mission of managing scarce and important environmental resources.

In order for this opportunity to arise, we believe that this committee must direct EPA to be mindful that the states do not have the requisite jurisdiction nor should they have, to control and direct environmental protection activities on reservation lands. Our tribes have the manpower, and in many instances the technical expertise, to direct these programs. EPA does not have, however, under existing legislation clear authority to delegate the administration of these programs to our tribes. EPA is nevertheless, charged with insuring that the nation's environmental laws and policies are applied effectively to all lands in the United States. In this situation and until necessary legislation is enacted, it is thus perfectly clear that the administration of these programs on reservation lands must lie with EPA itself.

We therefore respectfully request this Committee to direct the environemntal protection agency to devote sufficient fiscal and personal resources to the administration of environmental protection activities on our reservation lands to ensure that our reservation environments receive at least proportionate benefits of the envirormental laws and policies which the congress has enacted for all lands and waters of the United States.

The alternative can only be that our reservations will become the nation's environmental sacrifice areas. Without the necessary effort to protect reservation lands, this will be true even of our presently relatively pristine reservation environments.

Mrs. Boggs. Thank you for your very splendid testimony.

Mr. Green.

Mr. Green. I have no questions.

Mrs. Boggs. Mr. Mollohan, my apologies to you on the last witness.

Mr. Mollohan, as we say in the south, is a brand new Member of the Committee.

Mr. Mollohan. No apologies necessary.

Mrs. Boggs. But he has a long interest in environmental quality.

Mr. Mollohan. Thank you, Madam Chairman.

I would like to thank the witness for his informative testimony for me hearing it for the first time. I have no questions.

Mrs. Boggs. I am sure you know this Committee will be happy to work with you in developing the policy that you must implement with the EPA.

Thank you very much for your testimony.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

MICHEL PAQUE, UNDERGROUND INJECTION PRACTICES COUNCIL

JAMES WELSH, DIRECTOR, DIVISION OF INJECTION AND SURFACE MINING, STATE OF LOUISIANA

LARRY R. SOWARD, EXECUTIVE DIRECTOR OF THE TEXAS WATER COMMISSION

JERRY MULLICAN, DIRECTOR, TEXAS RAILROAD COMMISSION'S UNDERGROUND INJECTION CONTROL PROGRAM

Mrs. Boggs. We will be pleased to hear from Michel Paque.

Mr. Paque. I would like to introduce a panel that I have brought with me who will be representing me today. We have got three underground injection directors who probably are as knowledgable on our topic as any three people in the country.

If I could have them sit at the table they will address the Committee. Let me introduce as they are doing that, Mr. James Welsh, who is the Director of the Division of Injection and Surface Mining from the State of Louisiana who will introduce the rest of the committee.

Mrs. Boggs. Thank you so much, Mr. Paque.

Good morning.

Mr. Welsh. Mrs. Boggs, gentlemen, it is a pleasure to be here today. We appreciate you letting us testify.

I am James Welsh. I represent the State of Louisiana.

I am the Underground Injection Control Director there. With me today is Mr. Larry Soward and Mr. Jerry Mullican, both of the State of Texas, and we are appearing in our capacity as board members of the Underground Injection Practices Council. We are hoping to call your attention to a problem that we feel is very real and it is affecting groundwater protection in this nation.

Now, each of us has prepared several pages of testimony for the record and we are not going to read that testimony right now but we are each going to try to summarize our testimony. Then, we will each certainly be available for any questions.

Mrs. **Boggs**. Your testimony in its entirety will become a part of the record.

Mr. **Welsh**. Yes, ma'am. Thank you.

Mr. Soward, would you care to begin?

Mr. **Soward**. Madam Chairman, Members of the Committee, I am Larry Soward, Executive Director of the Texas Water Commission. I am here today representing that agency of the State of Texas. I want to express my appreciation to you for the opportunity to appear before you today on behalf of the Commission.

As Mr. Welsh indicated, I am not going to go into detail on my written statement, but would like to visit with you a few moments to let you know why, despite the severe budget crisis we are having in Texas, we would come all this distance to spend a few moments with you to discuss the Federal Underground Injection Control Program, as it affects the State of Texas.

Under the provisions of the Safe Drinking Water Act, the Underground Injection Control Program of Texas is divided between two state agencies, the Texas Water Commission, and the Railroad Commission of Texas.

Mr. Mullican is going to discuss with you the Railroad Commission's responsibility. Let me tell you the Texas Water Commission is responsible for all underground injection associated with industrial wastewater disposal and solution mining of minerals.

Presently, our Federal grant in the UIC program is appropriately divided between those two agencies. Texas has approximately 20,000 mineral solution mining injection wells that represent approximately 95 to 99 percent of all such wells in the United States.

Furthermore, Texas through the Texas Water Commission has 118 industrial waste disposal wells which represent slightly less than one-half of the Nation's 250 such wells. Texas also accounts for one-half of six billion gallons a year of the Nation's approximately 12 billion gallons a year of waste disposed of by these underground injection wells.

The Texas Water Commission is sincerely concerned that the projected Federal UIC grants will not be sufficient to maintain the current level of program implementation we have now.

The projected grant for the Texas Water Commission based on the allocation of grant funds between the Commission and the Railroad Commission is a little over $350,000 for fiscal year 1986. However, you should note that Texas' allotment for the UIC grant as a whole is $829,500, or only eight percent of the UIC funds available nation-wide.

However, Texas accounts for over 50 percent of the total waste disposed of by underground injection and slightly less than 50 percent of all such wells, as well as three-fourths of the Nation's disposal wells associated with the oil and gas industry as well as almost all of the wells associated with solution mineral mining.

The Commission UIC grant amount plus the required State match of 45 percent provides funding for only approximately nine staff persons per year of effort. However, based on the program that was approved by the Environmental Protection Agency in 1982 when Texas received primacy under the Safe Drinking Water Act, the program is required to have a level of effort of approximately 25 man-years.

During fiscal years 1983, 1984 and 1985, Texas made up for this grant shortfall by providing additional state funding as well as relying on grant carryovers for fiscal years 1979 through 1982. We now find ourselves in the State of Texas in a position where all the carryovers have been expended and additional Federal funds are needed to continue the present level of effort.

Because of the state budgetary crisis in Texas due to the falling price of oil, Texas will not be in any position in the future to cover the program cost beyond the 25 percent match.

As I said, the grant contemplates 25 cents on every dollar of the program is made up by the State of Texas. However, since we have had the program, Texas has been putting in approximately $1.25 for every 75 cents the Federal Government has paid.

If additional Federal funding is not available, the State of Texas, at least through the Texas Water Commission, must curtail the UIC programs to levels commensurate with the funds available.

What that means is a reduction in staff down to the approximately nine man-years of effort which most importantly means a reduction in the effectiveness of the program through its monitoring and inspections.

Just for your information, of the 118 wells Texas has in fiscal year 1985, over 260 inspections were done to ensure their integrity and that the environment and the underground water was safely protected.

If the Federal funds are maintained at their present level, if Texas indeed must cut its portion of the contribution down to the 25 percent match, we will see a significant cut in the monitoring and inspection of these wells. We do not believe that this will be adequate to safely regulate underground waste disposal in Texas.

So it is with these concerns in mind, both for the present and the future, that we respectfully request this honorable Committee to give serious consideration to increases in the amount of funds available in the underground inspection control program nationwide.

We also would like for the Committee to seriously look at the allocation of grant funds to the State of Texas in future appropriations in light of the proportion of the effort in the State of Texas versus the amount of grant available.

We sincerely appreciate the opportunity to appear before you this morning. If I can answer any questions, I will be happy to do so.

If I can not, I will provide the information subsequently.

[The statement of Mr. Soward follows:]

TEXAS WATER COMMISSION

Paul Hopkins, Chairman
Ralph Roming, Commissioner
John O. Houchins, Commissioner

Larry R. Soward, Executive Director
Mary Ann Hefner, Chief Clerk
James K. Rourke, Jr., General Counsel

PRESENTATION
TO
HUD-Independent Agencies Subcommittee
Committee on Appropriations
House of Representatives

May 8, 1986

My name is Larry R. Soward. I am the Executive Director of the Texas Water Commission, and I am appearing before you today representing that agency of the State of Texas. On behalf of the Commission, I appreciate the opportunity to express the Commission's concerns regarding future funding and maintenance of the Underground Injection Control Program in Texas.

Underground injection began in Texas over 70 years ago with sulfur mining by the Frasch process. It is not known when disposal of wastewaters by underground injection began in Texas, but the first major project to utilize injection wells for the disposal of liquid wastes into the subsurface occured in 1938 in the East Texas oil fields where salt water produced with oil was returned to the subsurface formations.

Today, in Texas, the uses of underground injection wells include: industrial waste disposal; secondary recovery of oil, and disposal of salt water produced with oil; storage of natural gas and petroleum products in underground reservoirs; recovery of minerals; injection of excess agricultural or urban runoff; and disposal of water and/or reuse of water for air conditioning and heating systems. Future uses of underground injection will include the above, and, in addition, control of surface subsidence and intrusion of salt water into groundwater resources.

Today, the regulatory responsibilities for subsurface injection of fluids is divided between the Railroad Commission of Texas and the Texas Water Commission. Texas has more than 48,000 injection wells associated with the production of oil and gas, over 500 underground hydocarbon storage wells, approximately 20,000 solution mining wells, 118 industrial waste disposal wells, and an unknown number of miscellaneous injection wells. I have provided a copy of a Commission report (Report 291) which further describes and locates the injection well activities within the regulatory jurisdiction of the Texas Water Commission.

Under provisions of the Safe Drinking Water Act (SDWA) and implementing regulations, the Environmental Protection Agency has delegated the Underground Injection Control (UIC) Program responsibility to the Texas Water Commission and Railroad Commission of Texas. The Railroad Commission is responsible for injection activities associated with oil, gas or geothermal energy production in Texas, while the Water Commission is responsible for underground injection associated with industrial waste disposal, solution mining of minerals, etc. Federal UIC assistance grants are divided appropriately between the two agencies.

Texas' approximately 20,000 solution mining injection wells represent approximately 95-99 percent of all such wells in the nation. The 118 industrial waste disposal wells represent slightly less than half of the nation's 250 such wells, and accounts for half (6 billion gallons per year) of the nation's approximately 12 billion gallons per year of wastes diposed of by these wells. It is estimated that over 75 billion gallons of industrial wastes have been disposed of by industrial waste disposal wells in the State.

The Commission is concerned that projected federal UIC grants in FY 86 will not be sufficient to maintain its current level of program implementation. The projected grant for the Texas Water Commission, based on the allocation of grant funds between the Commission and the Railroad Commission, is $356,677. It should be noted that Texas' allotment of the UIC grant funds is $829,500, or 8 percent of the funds available nationwide. However, Texas accounts for over 50 percent of the total amount of wastes disposed of by underground injection and slightly less than 50 percent of all waste disposal wells in the nation, as well as almost all the solution mining wells and approximatley three-fourths of the nation's disposal wells associated with the oil and gas industry.

The Commission's UIC grant amount, plus the required State match of 25 percent, will provide funding and operating expenses for only approximately 9 man-years of effort. However, the current program as approved by EPA in January, 1982 requires approximately 25 man-years of effort. During fiscal years 83, 84 and 85 grant "shortfalls" were covered by additional state funding and grant "carryovers" from fiscal years 79 through 82. Therefore, the Texas Water Commission finds itself in a position where all of the "carryover" has been expended and additional federal funds are needed in order to continue the present level of effort. Because of staff budgetary crises brought on by the falling price of oil, Texas probably will not be in any position in the future to cover program costs beyond the 25 percent match. If additional Federal funding is not available, the UIC program in Texas must be curtailed to a level commensurate with funds available. Maintenance of the program at such a reduced funding level will not be adequate to effectively carry out the program in Texas that the Commission believes necessary to adequately and safely regulate underground waste disposal.

It is with these concerns in mind, both for the present and future, that the Texas Water Commission respectfully requests that this Honorable Committee give serious consideration to an increase in the amount of the Underground Injection Control Program grant funds to be allocated to Texas in future appropriations. We sincerely appreciate the opportunity to appear before this committee to present Texas' position on these matters.

Mrs. BOGGS. Mr. Mullican?

Mr. MULLICAN. Mrs. Boggs, thank you. Members of the Committee, it is a privilege to be here today.

My name is Jerry Mullican. I am Director of the Texas Railroad Commission's Underground Injection Control Program.

I am a groundwater geologist by education and I am dedicated to the protection of the State's fresh water resources. In Texas, just a little quick history for some of you that may not realize, the Railroad Commission was a constitutionally created agency in Texas back in the 1880s for the purpose of regulating the railroads.

But the Texas legislature in 1919 gave the responsibility of regulating the total oil and gas industry in the State of Texas to the Railroad Commission, but we still have the name Railroad Commission. Our biggest job is regulating the entire oil and gas industry. try.

Our responsibility includes prevention of any pollution that might result from oil and gas activities. This responsibility includes both protection of surface and subsurface waters. For over half a century the Railroad Commission has enforced drilling and completion and plugging requirements for all types of wells.

We operate and maintain ten district offices around the state with a field staff of approximately 300.

We require the responsible operators of wells to properly plug these wells upon abandonment and if they don't, we do have State funds that we use to properly plug these wells.

This year we will plug over 500 wells at State expense funded with our plugging funds at a cost of over $3 million.

Mr. Soward mentioned the program, the responsibilities of the Water Commission. Those that I am concerned with today are the Class II wells which are wells that are used to inject for the purpose of disposal the salt water that is produced with oil and gas.

There is approximately 10,000 of those wells in Texas that are our responsibility.

The other type of wells that are Class II wells which we regulate are your enhanced recovery or water flood wells, if you will, where you inject your produced water or re-inject the produced water back into the producing formation in order to produce more oil and gas.

There are over 40,000 of those wells in existence active today. In 1938, the Railroad Commission issued the first permit to inject water back into a producing formation. That particular first permit did contain specific requirements that water resources would be protected.

In order to assure that the Railroad Commission would timely comply with the Federal law, that is the Safe Drinking Water Act of 1974, the Railroad Commission formally created the Underground Injection Control Section of the Oil and Gas Division. This was January the 2nd, 1980.

During 1980 and 1981, a major effort was made to comply with the Federal law by reviewing our statutes and adopting the necessary regulation to assure that our program would be approved by EPA.

The Commissioners did adopt a final UIC rule that went into effect April of 1982 and EPA approved the Railroad Commission's program on April 23, 1932. At the time our program was approved in 1982, there were 43,000 active injection wells under our jurisdiction in the State of Texas.

Our workload increased dramatically at that time because we were faced with complying with the additional requirements under the Federal law and under EPA regulation.

That number has increased until today we have over 54,000 injection wells that are our responsibility.

As Mr. Soward mentioned, the grant fund to the State of Texas for the UIC program are divided between our two agencies. We have received—the Railroad Commission has received Federal funds since 1979. But the funds that were appropriated by Congress have never been adequate for the UIC program in Texas. I want to reiterate that since 1979 our State legislature has continued to appropriate considerable additional funds in order for us to maintain a program that meets the type of program that both Congress and EPA expects.

Although they have been only minimal increases that have been appropriated, that is Federal funds appropriated at this time, the funds appropriated, the State appropriated revenue fund of the Railroad Commission account for about 90 percent of the money that is used for regulating injection wells of the Railroad Commission.

With the budget cuts we are faced with now in Texas, our legislature will be meeting next January to consider a two year biannual budget. We are already having to cut back because of the Governor's order.

He has asked for a 13 percent cut and we may be facing a 20 percent cut. What it amounts to is the State cannot pick up the tab in the future in order to meet Federal law.

So we need the additional money that we are asking for over and above the amount that has been recommended to you. I know you might think, well, if the oil and gas industry is in such bad shape and the drilling activity is down so much, then why do you need more money.

If you will look at the figure one which is the next to the last page on my written testimony there, you will see that, in fact, the drilling activity has declined drastically in Texas to the point in April last month there is practically no drilling going on at all.

But if you would please look at the last figure on the last page, this represents the number of injection well applications that have been received since April of last year up through March of this year. You will notice that there has been no drop.

In fact, there is a current steady rate of application for injection well permits. All of our work in the environmental area is answering complaints, handling any kind of pollution problems, plugging wells. All of this has increased and at least has maintained the steady rate.

Any consideration that this Committee will give we certainly appreciate because it is not only Texas, but all of the UIC programs in the Nation need the additional help from you.

[The statement of Mr. Mullican follows:]

Testimony of Jerry Mullican, Director
Underground Injection Control
Railroad Commission of Texas
Before the Subcommittee on HUD - Independent Agencies
Washington, D. C.
May 8, 1986

MEMBERS OF THE SUBCOMMITTEE:

My name is Jerry Mullican. I am Director of the Texas Railroad Commission's Underground Injection Control Program.

The Texas Railroad Commission has sole responsibility for the prevention of pollution which might result from activities associated with the exploration, development and production of oil, gas and geothermal resources in Texas. The Commission's duties include responsibility for preventing pollution of surface and subsurface waters of the state.

For over fifty (50) years the Commission has enforced drilling, well completion, and well plugging rules designed to protect the state's fresh waters. We have established casing and cementing requirements for all wells. During the operating life of a well, Commission personnel make routine inspections to determine that the well is being operated in a environmentally sound manner. The Commission maintains ten (10) district offices and a field staff of approximately 300 to enforce the Commission rules and regulations. Additionally, Commission rules require the responsible operator to plug abandoned wells. Abandoned wells are plugged with state funds where the responsible party is insolvent or cannot be located.

The Federal Safe Drinking Water Act of 1974 required the U. S. Environmental Protection Agency to adopt regulations for state underground injection control programs in order to protect underground drinking water. The EPA published the UIC regulations in 1980.

The UIC regulations cover all types of injection wells and establish five classes of wells....Class I, II, III, IV, and V. The State UIC Program in Texas is administered by two agencies, the Texas Water Commission and the Texas Railroad Commission. The Railroad Commission has jurisdiction over Class II wells so the Class II wells are the ones I am concerned with today.

Class II wells are defined by federal regulations as wells used to inject produced water or other fluids which have been brought to the surface in connection with oil or natural gas production and wells which inject fluids for the enhanced recovery of oil or natural gas and wells used for liquid hydrocarbon storage. The Railroad Commission has the jurisdiction under state law to regulate these injection wells.

In 1938, the Railroad Commission issued the first permit for injection of water back into a producing formation. That permit included casing and completion requirements, including the condition that, "the injection fluid must enter no other formation."

To assure timely compliance with the Federal law and to assume responsibility for administering the on-going underground injection program under State law, the Underground Injection Control Section of the Oil and Gas Division was formally created by the Railroad Commission on January 2, 1980.

During 1980 and 1981, a major effort was made to develop the Railroad Commission's UIC program primacy application. This effort included adoption of rules applicable to injection, disposal, and hydrocarbon storage well operators and coordination with the public, regulated industry, and EPA. Final UIC program rules were adopted by the Commission on December 21, 1981, and were published in the Texas Register on February 16, 1982. These rules became effective on April 1, 1982. The Commission's UIC Program was approved by EPA on April 23, 1982. With the approval of the Commission's UIC Program, Texas became one of first two states in the Nation to have been delegated primary enforcement authority for all classes of wells under the Safe Drinking Water Act.

By 1982, there were some 43,000 injection wells regulated by the Railroad Commission in the State of Texas. Each one has been permitted, with requirements for casing, cementing, fluid volumes, injection pressures and any other relevant factors. Since program approval in 1982 by EPA, the total number of active injection wells regulated by the Railroad Commission has increased to over 54,000. The status and operation of each is tracked on a new computerized system. At this time, we estimate that 99% of all fluids produced in Texas are reinjected. This, in itself, has contributed greatly to the improvement of water quality by greatly reducing the use of pits and ponds for saltwater storage and disposal.

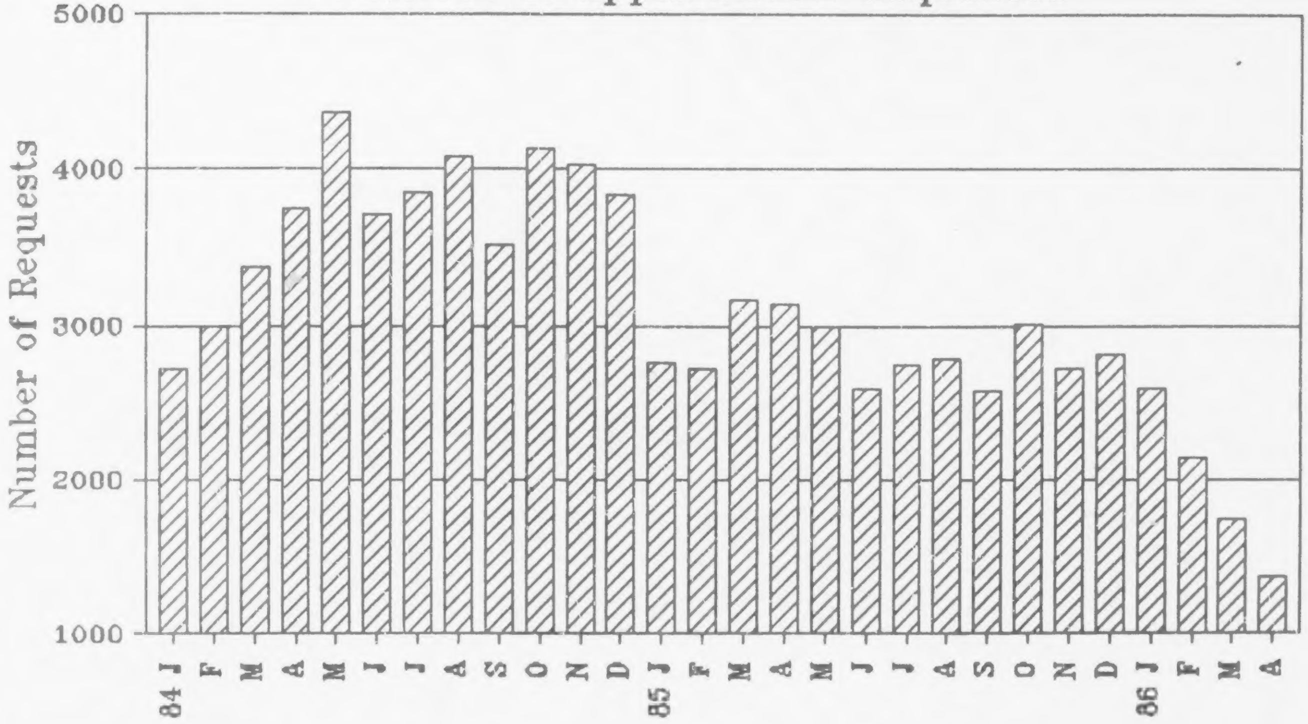
Underground injection control program grant funds allocated for Texas are divided between the Railroad Commission and the Water Commission. Grant funds allocated for Railroad Commission use have been awarded in each fiscal year since 1979. However, the federal funding has never been adequate, and the small increases appropriated have fallen far short of what they should have been. In fact, the majority of the funding for our federally approved UIC program has been from state appropriated revenue. Increased federal funds are needed to maintain the type of program that is required by Congress and the EPA.

When Texas received delegation of the UIC Program in 1982, the Railroad Commission's workload in regulating injection wells increased. That workload has continued to increase in the four years since delegation. Just last year, the Commission initiated a program to require mechanical integrity testing for 24,000 injection wells. This program will continue until 1987 when the Commission will institute a program for the regular testing of all the injection wells under its jurisdiction.

Due to the drop in the price of oil, applications for drilling permits are way down (Figure 1). However, our work in the environmental protection areas such as UIC has not changed -- note the current steady rate of injection well permit applications depicted in Figure 2.

I sincerely urge this Subcommittee to approve the additional funds needed for state UIC programs to meet the goals of the Safe Drinking Water Act to protect the Nation's underground drinking water sources.

Figure 1



Drilling Permits

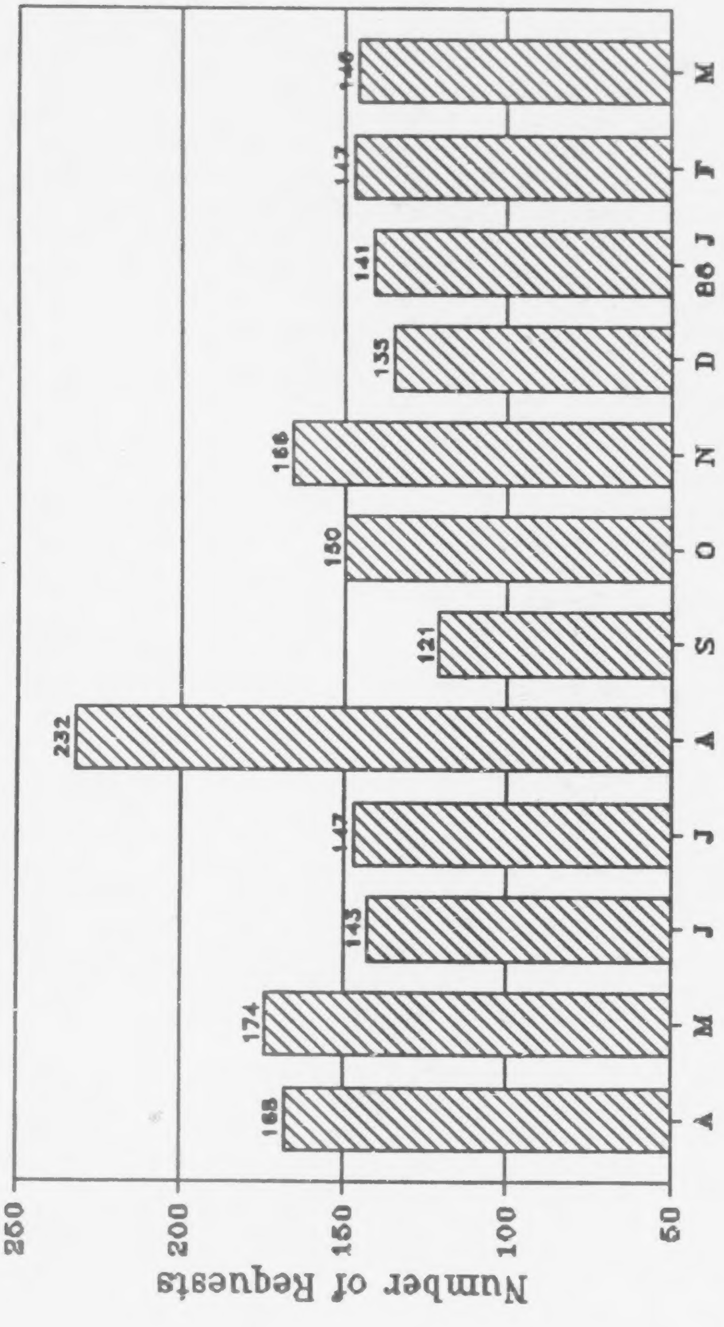
Number of Applications Requested

Source: Drilling Completion and Plugging Summary

Figure 2

Underground Injection Control

Fluid Injection Permits Requested



Source: UIC Monthly Statistics

Mrs. **Boggs**. Thank you.

Mr. **Mullican**. Thank you very much.

Mrs. **Boggs**. You are welcome.

Mr. **Welsh**. Nice to be here, Mrs. Boggs. I think the State of Louisiana would like to echo Texas' concern for sure, but in Louisiana, to give you a little history of the UIC program there, all of the types of injection wells are within one agency, which is my agency, which is the Louisiana Office of Conservation.

The State of Louisiana has some 5,000 injection wells of all types that we regulate. We have been regulating underground injection since the late 1940s, early 1950s. We have been formally permitting these wells so we have a great deal of expertise that we feel comfortable with.

I have always said Louisiana was the second state to get primacy, but I think we got primacy the same day, April the 23rd, 1982.

So that is a good thing to remember. To get to the real problem, we have under the Safe Drinking Water Act—if I could call it a partnership with the State and the EPA. The EPA is to fund 75 percent of the program.

The states are to fund 25 percent. The State of Louisiana, as Texas, has historically over-funded their particular part of the arrangement there. It is getting to a point now, with the price of oil dropping down, that it is going to be very difficult if not impossible to put those extra dollars into this program which we feel are necessary to do an adequate job.

We have been instructed this year by the Louisiana Budget Office to prepare next year's budget at 78 percent. That represents a 22 percent cut and perhaps it will even be lower than that when it all shakes out.

The UICP has done some calculations of what we feel will be an adequate amount nationwide to administer the UIC programs. This amount is about $12.5 million. This represents about $3.5 million more than has been recommended. We would certainly urge you, if possible, to please support that.

We feel that the request is justified. We are all interested in doing as adequate a job as we can protecting our valuable underground sources of drinking water.

This is, again, a Federal program under the Safe Drinking Water Act and we feel that EPA just basically cannot afford to take these programs back.

I don't think they have the funds or the expertise. We feel it is properly designated to the States and we are just asking for a little assistance in helping us do a better job. I am sure we would be happy to answer any questions that the Committee may have.

[The statement of Mr. Welsh follows:]

TESTIMONY OFFERED BY

James Welsh

ON BEHALF OF

Underground Injection Practices Council
525 Central Park Drive, Suite 106
Oklahoma City, OK 73105

CONCERNING THE FOLLOWING:

The Use of Federally Awarded (USEPA)
State Grant Funds for the Underground Injection
Control and Drinking Water Protection Control Programs

BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE

HUD AND INDEPENDENT AGENCIES

May 8, 1986

Mr. Chairman, I am James Welsh representing the state of Louisiana Department of Natural Resources, Office of Conservation. With me are Mr. William Bryson of the State of Kansas and Mr. William Klemt of the State of Texas. We are appearing in our capacity as board members of the Underground Injection Practices Council to call your attention to a developing challenge and crisis in state groundwater protection efforts.

This is the challenge of ensuring the continued safe operation of underground injection wells which are an essential part of the operation of the oil, chemical and manufacturing industries. There are hundreds of thousands of these wells nationwide which inject billions of gallons of wastewater each year. Despite the magnitude of these numbers, injection wells have been operated with a very high degree of safety for many decades. Now this record is threatened by two new developments which are beyond our control at the state level.

First is the drastic decline which we are experiencing in the price of oil. Let me briefly describe how this threatens our groundwater resources. Every barrel of oil which is produced is accompanied by as many as 40 or 50 barrels of salt water. This salt water is extracted from oil bearing strata and brought to the surface along with the oil. It must then be carefully reinjected below the groundwater table. Failure to inject or improper injection causes severe and lasting damage to the environment and underground drinking water supplies.

Now, with the decline in the price of petroleum, many oil wells are no longer profitable and have been shut down. But an inoperative well can still do serious damage to the environment. Under law, well operators have two options. They must either file for temporary abandonment or plug their wells and furnish the appropriate regulatory agency with evidence that the well has maintained its mechanical integrity. Either way, our workload at the state regulatory agencies has dramatically increased and will continue to do so. This is because we try to have a field inspector present to observe tests of integrity concerning operation of a well. In cases of a temporary abandonment, our geologists and engineers must carefully review and either approve or reject the evidence demonstrating the mechanical integrity of a given well.

Unfortunately, the states with the greatest number of injection wells are the same states whose tax revenues have been most adversely affected by the decline in oil prices. We have also been affected by increased reporting requirements to the EPA and signi[illegible] more administrative paperwork not to mention the federal budget crisis. The result has been that while our workload and responsibilities have been substantially increasing, our budget has been decreasing.

It is difficult to describe in words the potential damage which can be caused by improper salt water disposal in the oil fields. These are unseen problems which can be prevented by proper inspections by the states. Such pollution was not uncommon in the past in oil producing states. Most all of this damage was done in the early 1930's and has all but ended due to actions taken by Congress and most importantly the Safe Drinking Water Act. The states are encouraged by the USEPA to implement the strict enforcement programs which have been in place for the past 10 years.

Thanks to these environmental laws and the federal/state enforcement programs that have been brought into effect over the past few years, a great deal of preventive improvement has been realized. However, with oil prices falling, oil wells being abandoned, and operators being forced into bankruptcy, the number of inoperative and abandoned wells is growing dramatically. If we are to continue with our highly successful record of protecting the environment we must be able to maintain adequate staffs who have the expertise to identify potential problems that prevent degradation of groundwater quality.

The second challenge which we face comes from a different type of well which inj[illegible]ous waste. Many industries depend upon these wells to dispose of many of the by-products of their manufacturing processes. New environmental legislation ranging from Superfund, to the Resource, Conservation and Recovery Act greatly restrict previously available options of waste disposal. Injection wells are now the principal means of safe waste disposal.

They represent the safest and most economical method available today. This growing use of these waste disposal wells will also increase our responsibility of certifying that these wells can and will be operated in a manner which does not threaten the environment.

The improper injection of industrial wastes can cause groundwater contamination. We know that from a few well publicized but isolated examples from around the country. In contrast, the vast majority of these type injection wells have been operated with complete safety; some for more than 30 years. For example, one plant, in Victoria, Texas, has injected 17 billion gallons of waste water a year for the past 33 years without incident or damage to the environment. Another example may be seen in the more than two dozen industrial facilities between Baton Rouge and New Orleans which use injection wells to dispose of their waste water while ensuring that they do not damage drinking water.

Mr. Chairman, the excellent safety record which has been developed over the past decade with regard to all types of injection wells did not just happen by accident. Instead, it is the result of a cooperative ve[illegible] has developed among the Congress, the US EPA, and [illegible] regulatory agencies. Congress has passed environmental and water protection laws. Federal agencies have developed regulations from these laws. State regulatory agencies have applied for and received primacy to administer this federal program for the US EPA. Your Committee has historically funded a portion of the cost of running this federal program while state governments pay for the balance.

Now this relationship is threatened at its most vulnerable point. We must maintain an adequate level of funding to preserve the backbone of our programs which is field inspectors, geologists, and engineers. They are the people who officially wittness the plugging of an oil well, or who monitor industrial injection well sites thereby helping to insure its continuous safe operation. We depend upon our professional staff to review applications for new injection wells, for permission to plug old wells, and to ensure the mechanical integrity of all injection wells including those that have been temporarily shut down. These people are the most important link in the chain of environmental protection that runs from the Congress down to the state district level and ensures the safe operation of all injection wells. Without additional funding, most states have either begun, or will soon, be laying off these vital professionals. No effective program can exist without these people out in the field where the wells are. But this takes resources, and resources are bec[illegible]. A real problem now exists.

We appeal to you today to help us continue this successful partnership. With an increase of $3.5 million dollars over the request for EPA UIC State Grant Funding, we could not only preserve our operations at the current level but also allow for an appropriate number of field inspectors, geologists, and engineers to carryout our increased program needs. This will be crucial in helping us to meet the increased demands brought about by the decline in oil prices and the increase in federal environmental regulations. States will continue to do their part by paying for more than their required percentage of this federal program. In most states, industry also helps to pay for regulatory programs through injection taxes.

We know what happens when injection is carried out in an improper or an illegal manner. We also know the good results produced by carefully regulated and monitored injection. We are trying to do our best at carrying out the concerns the Congress had when they passed the Safe Drinking Water Act. We appeal to the Committee to assist us in keeping the tools to maintain the current program to protect the nation's groundwater resources. Thank you very much. We would be happy to answer any questions.

Mrs. **Boggs**. Thank you very much.

Mr. Green.

Mr. **Green**. I don't have any questions.

Mrs. **Boggs**. Mr. Mollohan?

Mr. **Mollohan**. Thank you, ma'am. No questions.

Mrs. **Boggs**. I am very happy you have pointed out in your testimony that it is very difficult for people not in the oil producing states to understand, the environmental problems we have and the fact that state revenues are so curtailed because of the lack of production and sale of oil and gas that we are doubly impacted upon in an adverse manner.

Thank you very much for your testimony.

EVIRONMENTAL PROTECTION AGENCY

WITNESS

JAMES F. MANWARING, EXECUTIVE DIRECTOR, AMERICAN WATER WORKS ASSOCIATION RESEARCH FOUNDATION

Mrs. **Boggs**. Mr. James Manwaring, American Water Works Association Research Foundation, would you please come to the table?

Mr. Manwaring, we are behind schedule, and I have been asked to advise the witnesses of the five minute limitation. So we will make your testimony a part of the record and if you could proceed under those constraints.

Mr. **Manwaring**. I certainly will. Thank you, Madam Chairman, for the opportunity to testify.

I am Jim Manwaring, the Executive Director of the American Water Works Association Research Foundation. You have our written testimony so I will just highlight a few of the salient issues that we think are important.

Unlike the last three years when we appeared before this Subcommittee, we will not be requesting any funding for fiscal year 1987. Instead, we would like to support more funding for the research program of EPA, for the drinking water research program, and to report on the progress that we have been able to achieve in establishing an industry-sponsored research program, a program made possible by this Subcommittee's funding over the past three years.

Despite all the budget difficulties that you have encountered, this Committee approved an add-on for the Research Foundation in fiscal year 1984, 1985 and 1986. In return, we matched these add-on dollars dollar-for-dollar and as a result, the $3 million provided by this Committee produced more than $6 million in actual research effort.

I hope you agree that 100 percent match was a remarkable achievement for any kind of industry, government, cooperative program. I would like to point out how the AWWA research program used your funding.

In the first two fundings, the add-ons provided by this Committee have funded 45 research projects which are being carried out through existing institutions. Forty-two local water utilities, 25 universities and 30 consulting engineering firms and state health departments in seven states have been involved in working on these projects.

These numbers will increase when the projects funded from the fiscal year 1986 add-on are finalized this June. Most, if not all, of these projects would not have been funded by EPA because of the Federal budgetary constraints.

Equally noteworthy is the fact that the results which have been obtained will be beneficial to water consumers throughout the United States regardless of the size of the water utility in which serves them.

The New Orleans research and the Bay City, Michigan research cited in our written testimony are just two examples of many that we could have used to describe the practical nature of our research program.

The second and perhaps most important result of the Committee add-on effort is that research has won the industry's attention and their support. Your assistance enabled the Research Foundation to demonstrate conclusively to the industry the need for and the effectiveness of the centralized water research program.

Over the past few months, the Foundation, with the active cooperation and support of the American Water Works Association, the National Association of Water Companies, and the Metropolitan Water Agencies, has initiated an historic venture which we believe will make a self-funded water research utility research program a reality next year and thereafter.

We are launching a research subscription program in which local rate making bodies will voluntarily include a small subscription for research into the rate base for the water that is served to your home.

We shall formally begin the program in 1988 with an annual budget goal of about $6 million. This rapid progress would not have been possible without the seed funding which this Committee so generously provided over the past three years.

Finally, Mrs. Chairwoman, we urge the Committee to provide adequate funding for EPA's drinking water research and development program. Our research effort is designed to complement, not supplant, EPA's research effort.

There is a need for both the practical, technological research that we would conduct and the regulatory public policy kind of research conducted by EPA. They are not competitive.

They are complementary. The reauthorization of the Safe Drinking Water Act, which is in the final stages of conference committee, identifies dozens of potential contaminants in drinking water which must be monitored and controlled. It also mandates strict schedules for standard setting and compliance.

Water utilities look to EPA to provide the health effects research that will form the basis for this new standard setting and, in turn, will drive part of our technological research effort.

We sincerely hope that this will be able to provide the Agency with sufficient funds to enable it to meet its obligations under the Safe Drinking Water Act.

Our point is this. Local officials and the public must have confidence in EPA's regulatory program. Many millions of dollars, even billions of dollars of public funds are at stake when regulations expand and new treatment methods are required.

These costs will be palatable if the public is persuaded that the health effects are real. Our research is aimed at technological and operational improvements. We will rely on the Federal Government for those kind of health effects studies.

In summary, the seed that this Subcommittee planted is budding into a program that will continue to serve the needs of the American public for decades to come. If there are any questions, I will be happy to answer them.

[The statement of Mr. Manwaring follows:]

STATEMENT
OF THE
AMERICAN WATER WORKS ASSOCIATION RESEARCH FOUNDATION

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PRESENTED BY
James F. Manwaring, P.E.
Executive Director
AWWA Research Foundation

CONCERNING

The use of Congressionally-awarded research funds, the water industry's progress toward a self-supported research program, and EPA's need for a substantial drinking water research budget.

Before the

HOUSE APPROPRIATIONS SUBCOMMITTEE

for

HUD AND INDEPENDENT AGENCIES

May 8, 1986

Mr. Chairman, I am James F. Manwaring, Executive Director of the American Water Works Association Research Foundation. Our purpose in appearing before the Committee today is not to ask for funding in FY87 as we have in the last 3 years. Instead, we want to express our appreciation for your past help and to report on the remarkable progress which the water supply industry has made in establishing a nationally coordinated research program, independent of federal funding.

When we first appeared before the Committee in 1983 we had two compelling reasons for doing so. The first was our concern over the decline of federal funding for research into the everyday problems faced by water utilities. This is the type of research which local water departments depend upon to provide affordable service to the public and to comply with federal and state drinking water standards. Our second reason was to enlist your assistance in helping to demonstrate to the water utilities of America that a centralized research program directed at their common problems can be cost-effective and efficient. We felt that such a positive demonstration would spur the industry toward establishing its own internal research effort.

In 1983, 1984, and again last year we requested add-on funding of $1 million dollars. Despite all the difficulties faced by the Committee, you responded favorably to our requests. In return, we matched these add-ons and as a result the $3 million provided by the Committee produced more than $6 million in actual research effort. I hope you agree that by itself a 100 percent match was a remarkable achievement for any type of federal-industry cooperative program. But even more important, this success has been but the beginning of a program that promises to make local water departments more knowledgeable and efficient.

The AWWA Research Foundation used your funding in two ways. First, we launched an ambitious, technologically oriented research program in cooperation with EPA, states, universities, consulting engineers and water utilities from every part of the country. In the first two years the add-ons provided by the Committee have funded 45 research projects. Forty-two water utilities, 25 universities, 30 consulting engineering firms and health departments from seven different states have been involved in working on these projects (see attachment #1). These numbers will increase when all the projects funded from the FY86 add-on are finalized. Most, if not all of these projects, would not have been funded by the Environmental Protection Agency because of federal budgetary constraints. Furthermore, these projects are monitored by more than 125 volunteer professionals who are donating their time and expertise to AWWARF. These objective experts provide one of the most stringent internal peer review processes to be found anywhere in the world of research.

Equally noteworthy is the fact that the results which have been obtained will be beneficial to water consumers throughout the United States, regardless of the size of the utility which serves them. Examples include the water quality modeling study conducted by the New Orleans Water & Sewerage Board which has application to every surface water system in the world. The ozone work being done by Bay City, Michigan, is providing tremendous benefits to the industry as we begin to investigate efficient means of further reduction in trihalomethane levels in finished drinking water. These are just two examples of many that I could have mentioned where the industry is already beginning to reap the benefits from a centralized and applied research program.

The second and perhaps most important result of the Committee's add-on funding, and the attendant increase in research projects, is that research has won the industry's attention and support. Your assistance enabled AWWARF to demonstrate conclusively the need for and the effectiveness of a centralized water industry research program. Over the past few months, AWWARF, with the active cooperation and support of the American Water Works Association, the National Association of Water Companies, and the Association of Metropolitan Water Agencies has initiated a historic venture which we believe will make a self-funded water utility research program a reality next year and thereafter.

We have already approached 140 of the leading water utilities in the country and requested that their local ratemaking bodies voluntarily include a small subscription for research in their rate base. To date, 117 of these 140, or more than 83 percent have agreed to join in a two year interim funding effort. A list of their names is attached to our statement (attachment #2). Our goal is to raise $1 million dollars in 1986 and to double that amount in 1987 to replace the Committee's add-on. Over the next two years we will also be contacting an ever-expanding number of utilities and asking them to participate in our subscription effort. We hope to formally begin the program in 1988 with an annual budget in the $5 million to $6 million range.

By 1990, we shall have contacted the approximately 2,800 water utilities which serve more than 10,000 people. A positive response to our appeal could easily provide our goal of $10 million in research funding by 1990 at a cost of about a penny a month to the average ratepayer. This would almost match the current federal commitment for drinking water research and would provide the resources necessary to develop new technologies that would ensure that drinking water remains the safest and most affordable product on the market.

A nationally coordinated, self-funded water utility research program seemed to be very far in the future when we first came before you in 1983. Today, we are on the verge of making it a reality. This rapid progress would not have been possible without the seed-funding which the Committee so generously provided over the past three years. Nor would it have been possible without the advocacy of a number of local water utility managers including representatives from the water utilities of Springfield, Massachusetts; Manchester, New Hampshire; and Saginaw, Michigan who have appeared before the Committee at various times in support of our add-on requests. We want to salute and thank our colleagues as well as you, the members of this Committee, who responded to their request for assistance. Much of our momentum towards creating a voluntary subscription program has come from our desire to keep faith both with the Committee and with our own leaders who made these promises on behalf of the Foundation.

Finally, Mr. Chairman, we urge the Committee to provide adequate funding for EPA's drinking water research and development program. Our research program is designed to complement, not supplant, EPA's research effort. There is a need for both the applied, technological research conducted by AWWARF and the regulatory, public policy research conducted by EPA; they are not competitive, they are complementary. The reauthorization of the Safe Drinking Water Act, which is in the final stages of conference, identifies dozens of potential contaminants in drinking water which must be monitored and controlled. It also mandates strict schedules for standard setting and compliance. Water utilities look to EPA to provide the health affects research that will form the basis for this new standard setting which, in turn, will drive part of our technological research. We sincerely hope that the Committee will be able to provide the Agency with sufficient funds to enable them to meet their obligations under the Safe Drinking Water Act.

Local officials and the public must have confidence in the EPA regulatory program. That program must be based on solid research, not bureaucratic guesswork. Many millions, even billions, of dollars of public funds are at stake when regulations expand and new treatment methods are required. Those costs will be palatable to the nation only if the public is persuaded the risks are real, the research is believable. Our research is aimed at technological and operational improvements. We rely on the government for health effects research.

In summation, Mr. Chairman, you and your colleagues always asked two questions when we returned to request another add-on. First, what had we accomplished with last year's money and second, what would any future add-on buy? We have appreciated the opportunity today to assure you that your funds have purchased immediate and much needed water utility research that would not otherwise have been undertaken. A list of our projects is attached for your information (attachment #3). Even more importantly, you have enabled us to launch a water utility financed research effort which we believe will serve the needs of the American public for decades to come.

Attachment #1

PARTICIPANTS IN CURRENT RESEARCH PROJECTS*

STATISTICAL SUMMARY:

Current research program involves 41 utilities in 21 states; 25 universities in 23 states; and 30 other organizations (such as consulting engineering firms) in 18 states. In all, AWWARF research is being conducted in 32 of the 50 states.

---

*This list does not reflect the 1986 research projects that will be awarded in July 1986.

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Note: The second listing of a name on this document will be followed by an asterisk. Please refer to initial listing for affiliation and location.

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DEVELOPMENT OF REALISTIC REPLACEMENT/REHABILITATION CRITERIA FOR DISTRIBUTION SYSTEM COMPONENTS OF WATER UTILITIES

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MANGANESE TREATMENT BY SIMULTANEOUS ADDITION OF SODIUM SILICATE AND CHLORINE

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MODE OF ACTION OF CHLORAMINES

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RESEARCH FOUNDATION/KIWA (NETHERLANDS) JOINT SURROGATES REPORT

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STATE-OF-THE-ART CORROSION REPORT (cont.)

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SURFACE WATER QUALITY SCREENING MODEL - A CASE STUDY FOR UTILITY MANAGEMENT

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FILTRATION OF GIARDIA CYSTS UNDER TREATMENT PLANT CONDITIONS

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RECOVERY OF VOLATILE ORGANIC CHEMICAL VAPORS FROM AIR STRIPPING TOWERS USING GAS PHASE ADSORPTION

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Michael J. McGuire, Ph.D.*
Robert Hoehn, Ph.D.*
Thomas L. Yohe*

Attachment #2

AWWA RESEARCH FOUNDATION
6666 W. Quincy Ave., Denver, CO 80235, Ph: (303) 794-7711

UTILITIES CONTRIBUTING TO 1986 RESEARCH FOUNDATION FUND DRIVE (AND PLEDGED TO CONTRIBUTE TO 1987 FUND DRIVE)

City Calgary Waterworks Division
Calgary, AB

Anchorage Water & Wastewater Utility
Anchorage, AK

Birmingham Water Works Board
Birmingham, AL

General Wtrwrks Corp-Pine Bluff
Pine Bluff, AR

Paradise Valley Water Co
Scottsdale, AZ

Park Water Co
Downey, CA

Dominguez Water Corp
Long Beach, CA

Los Angeles Dept Water & Power
Los Angeles, CA

Metro Water District of So. Calif
Los Angeles, CA

California-American Water Co
National City, CA

Casitas Municipal Water Dist
Oak View, CA

East Bay Metro Utility District
Oakland, CA

San Bernardino Munic Water Dept
San Bernardino, CA

California Water Service Co
San Jose, CA

San Jose Water Co
San Jose, CA

Colorado Springs Water Division
Colorado Spring, CO

Denver Water Department
Denver, CO

Bridgeport Hydraulic Co
Bridgeport, CT

Connecticut Water Service, Inc
Clinton, CT

Connecticut-American Water Co
Greenwich, CT

Hartford County Metro District
Hartford, CT

S Central CT Regional Water Auth
New Haven, CT

Wilmington Suburban Water Co
Claymont, DE

Artesian Water Co., Inc.
Wilmington, DE

Jacksonville Suburban Utility
Jacksonville, FL

General Development Utilities
Miami, FL

Orlando Utilities Commission
Orlando, FL

Florida Cities Water Co
Sarasota, FL

Tampa Water Dept
Tampa, FL

Atlanta Water Bureau
Atlanta, GA

Honolulu Board of Water Supply
Honolulu, HI

Clinton Water Works Co
Clinton, IA

Davenport Water Co
Davenport, IA

Boise Water Corp
Boise, ID

Northern Ill. Wtr Corp
Champaign, IL

Dept of Water, City of Chicago
Chicago, IL

Kankakee Water Co
Kankakee, IL

Gary-Hobart Water Corp
Gary, IN

Indiana Cities Water Corp
Greenwood, IN

Indianapolis Water Co
Indianapolis, IN

Illinois-American Water Co
Richmond, IN

Indiana-American Water Co
Richmond, IN

Missouri-American Water Co
Richmond, IN

Ohio-American Water Co
Richmond, IN

Kentucky-American Water Co
Lexington, KY

Louisville Water Co
Louisville, KY

Swrg & Water Board of New Orleans
New Orleans, LA

Boston Water & Sewer Commission
Boston, MA

Dedham Water Co
Dedham, MA

Hingham Water Co
Hingham, MA

Massachusetts-American Water Co
Millbury, MA

The Oxford Water Co
Millbury, MA

Wannacomet Water Co
Nantucket, MA

Maryland-American Water Co
Bel Air, MD

Washington Suburban Sanitary Comm
Hyattsville, MD

City of Bay City
Bay City, MI

Detroit Water & Sewerage Dept
Detroit, MI

Kalamazoo City Utility
Kalamazoo, MI

Wyoming Water Dept
Wyoming, MI

St. Cloud Water Utility
St. Cloud, MN

Missouri Water Co
Independence, MO

Kansas City Water Dept
Kansas City, MO

St. Louis Cty Wtr Co
St. Louis, MO

St. Louis Water Div
St. Louis, MO

Orange Water & Sewer Authority
Carrboro, NC

City of Greensboro Public Wks
Greensboro, NC

Omaha Metropolitan Utilities Dist
Omaha, NE

Hampton Waterworks Co
Hampton, NH

Manchester Water Works
Manchester, NH

Passaic Valley Water Commission
Clifton, NJ

Elizabethtown Water Co
Elizabeth, NJ

New Jersey Water Co
Haddon Heights, NJ

Salisbury Water Supply Co
Hampton, NJ

Hackensack Water Co
Harrington Park, NJ

Middlesex Water Co
Iselin, NJ

Garden State Water Co
Robbinsville, NJ

Commonwealth Water Co
Short Hills, NJ

Monmouth Consolidated Water Co
Shrewsbury, NJ

Toms River Water Co
Toms River, NJ

Erie County Water Authority
Buffalo, NY

Long Island Water Corp
Lynbrook, NY

New Rochelle Water Co
New Rochelle, NY

NYC Dept Environmental Protect
New York, NY

New York Water Service Corp
New York, NY

New York-American Water Co
Port Chester, NY

Onondaga County Water Authority
Syracuse, NY

Spring Valley Water Co
West Nyack, NY

Akron Public Utilities Bureau
Akron, OH

Cincinnati Water Works
Cincinnati, OH

Ohio Water Service Co
Poland, OH

Toledo Dept of Public Utilities
Toledo, OH

Reg Municipality Ottawa-Carleton
Ottawa, ON

Portland Bureau of Water Works
Portland, OR

Philadelphia Suburban Water Co
Bryn Mawr, PA

Dauphin Cons Water Supply Co
Harrisburg, PA

Keystone Water Co
Hershey, PA

Western Pennsylvania Water Co
Hershey, PA

Riverton Consolidated Water Co
Lemoyne, PA

Philadelphia Water Dept
Philadelphia, PA

Fox Chapel Authority
Pittsburgh, PA

Roaring Creek Water Co
Shamokin, PA

Shenango Valley Water Co
Sharon, PA

Bristol County Water Co
Bristol, RI

Tennessee-American Water Co
Chattanooga, TN

Knoxville Utilities Board
Knoxville, TN

Memphis Light Gas & Water Div
Memphis, TN

Nashville Dept Water & Swrg Serv
Nashville, TN

City of Arlington Water Dept
Arlington, TX

Dallas Water Utilities
Dallas, TX

Houston Dept of Public Works
Houston, TX

Virginia-American Water Co
Alexandria, VA

Fairfax County Water Authority
Merrifield, VA

Norfolk Dept of Utilities
Norfolk, VA

City of Seattle Water Dept
Seattle, WA

Tacoma Dept of Public Utilities
Tacoma, WA

West Virginia Water Co
Charleston, WV

Huntington Water Corp
Huntington, WV

Attachment #3

Categorical Listing
of
Research Projects Funded
by the
AWWA Research Foundation
January 1982 through March 1986

Water Resources

- ● Water Reuse Symposium III - 1984
- o Municipal Wastewater Reuse News
- ● Control of Algae in Reservoirs, Casitas Municipal Water District

Water Quality

- ● Identification and Treatment of Odor Producing Compounds, Phase I
- o Identification and Treatment of Odor Producing Compounds, Phase II
- o Lower Mississippi Screening Model Study
- o Chloro-Organic Water Quality Changes as it Relates to Source Water and Treatment Practices
- ● Mode of Action of Combined Chlorine - Phase I
- o Mode of Action of Combined Chlorine - Phase I (1986)
- ● Development of Protocol for Coagulant/Filtration Aids
- o Leachates from Organic Coatings

Water Treatment

- ● Removal of Organic Chemicals from Drinking Water, AWWARF and KIWA
- ● Asbestos Study
- o Removal of Volatile Organics from Well Waters, North Penn. Water Authority
- ● Manganese Treatment by Sodium Silicate and Chlorine

NOTE ●= : Research completed - final report completed or undergoing review by Project Advisory Committee and Staff o Treatment Practices for Removal of *Giardia* Cysts

● Filtration of *Giardia* Cysts Under Treatment Plant Conditions

o Use of Ozone as a Preoxidant

o Recovery of VOC Vapors from Air Stripping Towers

o Granular Activated Carbon Substitution for Sand

o Control of Aluminum Precipitation

o On-Line Instrumentation for Continuous Dose Control

o Filter-to-Waste Procedures

o Polymeric Inorganic Coagulants

o Inactivation of *Giardia* Cysts with Chlorine at Temperatures below 5° Celsius

o Case Studies of Current Disinfection Practices (1986)

o Full-Scale Evaluation of Constant- versus Declining-Rate Filtration (1986)

o Optimization and Economic Evaluation of Granular Activated Carbon for Organics Removal (1986)

o Small System Treatment Technology (1986)

o Critical Evaluation of Coagulant Recovery Systems (1986)

Distribution Systems

● Corrosion Report - "Internal Corrosion of Water Distribution Systems"

● Development of Realistic Replacement/Rehabilitation Criteria for Distribution System Components of Water Utilities

o Water Quality Deterioration in Distribution Systems (two projects)

o Monitoring Treatment Practices Which Contribute to Bacterial Regrowth

o Unaccounted-For-Water

o Plastic Pipe Practices

o Corrosion Effects of Electrical Grounding o Scale Formation and Corrosion Inhibitor Chemistry

o Economics of Internal Corrosion Control (1986)

Monitoring and Analysis

o Surrogate Parameters for Operational Control

● Literature Search and Identification of Candidates for Future Research

o KIWA Surrogates Report

● Rapid Haloform Test

● Organic Surrogates

o Disinfectant Residual Measurement Methods

● Detection of *Giardia* Cysts by Immunofluorescence

o Validation of the Test Procedure "The Rapid Haloform Index" (1986)

o Rapid Detection Methods for Coliform Bacteria in Drinking Water (1986)

o Validation of a Protocol for the Selection of Coagulant/Filtration Aids (1986)

o Innovative Screening Techniques for Microbiological Contaminants (1986)

Miscellaneous

● NAS Study of the Barriers to Effective Management of Urban Water Systems

o Blood Pressure/Sodium Study

● Barriers to the Introduction of New Water Treatment Technologies

o Institutional Alternatives for Small Water Systems

● Survey of Public Attitudes (1985)

o Evaluating Performance Criteria for Residential Water Meters (1986)

Technology Transfer

- WATERQUEST
- Emerging Technologies - Phase I and Phase II
- Water Research Quarterly
- Research News

Mrs. **Boggs**. We certainly thank you very much for your very heartwarming and unusual kind of testimony. It is very refreshing when somebody comes to testify and tells us they don't need any money.

Will the AWWARF now be self-sufficient in the future?

Mr. **Manwaring**. Yes. We are at a funding level of $2 million, independent of the Federal Cooperative Agreement this year. We hope to expand that to $6 million by 1988.

Mr. **Boland**. Mr. Green?

Mr. **Green**. I similarly enjoyed it.

Mrs. **Boggs**. Thank you so much.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

GERARD KENNY, PRESIDENT, NATIONAL UTILITY CONTRACTORS ASSOCIATION

DAVID F. McDERMITT, DIRECTOR OF GOVERNMENT RELATIONS, NUCA

Mrs. **Boggs**. We will now hear from Gerard Kenny, the National Utility Contractors Association.

Mr. **Kenny**. Good morning, Madam Chairman, Members of the Committee. My name is Gerard Kenny.

This is Dave McDermitt.

I am the President of the National Utility Contractors Association, which has a membership base of about 2,000 companies nationwide which consists of hundreds of thousands of people and their families involved in the wastewater treatment business.

What we are looking at today is just to take a few brief moments to bring you up-to-date and give you our views, the construction industry's views, on the EPA construction grants funding.

I first want to take a moment to thank this Committee and specifically its Members for their support in the past from 1982 to 1985 of giving us a constant flow of dollars so that the planning may be done at the local levels so they can institute the construction programs to meet the Clean Water Act in 1988.

It has been a tremendous benefit and it has been a tremendous planning benefit and a stability in our industry that has been lacking for years. This Committee should be commended for their support of that.

I particularly want to thank Chairman Boland and Congressman Green for your support of releasing the $400 million in 1986 fiscal year funding. It was a big support that created and worked with us in the stability level to give us the support we needed in the program.

Unfortunately, that funding is being used up very quickly and it is coming to an end. We have 20 states that are running out of money or have run out of money by April 20, is my understanding.

We have passed that date. The Association respectfully urges this Committee to expeditiously act to release the remainder of the $2.4 billion in 1986 funding so that again we might prevent disruptions in the program.

During our peak seasons, especially in the northern states—I am from Chicago and we work in a number of different states throughout the country but the northern states, particularly, have a limited construction season.

If we lost the grant funding during this time of the year we are talking about hundreds of thousands of jobs that will not take place this summer due to the funding levels.

On the question of funding levels for fiscal year 1987, I must emphasize our strong opposition to the President's budget calling for $1.8 billion in funding. We also plan to oppose this limit of funding to continue construction on ongoing projects only. I want to say from the outset, though, that as contractors and suppliers to this industry we do have a vested interest in asking for the funding.

There is no doubt about that. We compete on a competitive bid basis which is part of the American system and, therefore, we don't consider it negative to come here and sit here and ask you for the funding levels that you have given us in the past, if not to increase us.

The current backlog of existing municipal wastewater treatment construction needs is estimated by the EPA at $85 billion. We understand that that is a big, big number, especially with the budget constraints you have today in Washington.

Whatever support that you can give to the current legislation and possibly increase in the funding down the road or coming to the conference committee would be greatly appreciated by our group. However, there are 3,000 projects necessary to meet the July 1, 1988 municipal deadline, to meet the EPA program deadline which have not been funded yet.

Reducing the annual Federal funding merely postpones the situation we face today as individuals and as contractors. If you take a look at the United States as being the center of the world economy and you take a look at our road transportation and sewer system as being the base of our economy, where will we be in 15 years, in the year 2001?

What will we leave for our children in the next generation? If you take a look, and I go back to my younger years and take a look at what we inherited in terms of an infrastructure from our fathers and grandfathers in this country, we also had that obligation to look forward to give them an infrastructure of equal quality so that the United States can maintain itself as the number one economic power in the United States.

With these opportunities we have for being the number one economic power, we also inherit the responsibility of maintaining that system and, therefore, when you take a look at the budget cutback since 1980, the proposed budget of $5 billion now compared to the Administration's request for $1.8 billion to maintain this infrastructure, it is a crying shame.

We are only merely postponing what we need later on. We are taking away from the younger children, younger population today, what we were given as we grew up through the years. It is also important to note the Clean Water Act amendments approved by both the House and the Senate call for a $2.4 billion authorization for the construction grants fiscal 1987 program.

We support this wholeheartedly. Madam Chairman, and Members of the Committee, again, as any responsible group, we definitely support a balanced budget, however, when you take a look at the construction grants program and the Federal infrastructure program to protect—we can't even maintain with the dollars that are being put out.

We can't build to meet the regulation of the dollars that are being put out but we do understand the budget constraint needs. We strongly feel and urge in this area that the infrastructure budget has already been pared to the bone.

There is no other place to cut in order to give us the clean water we need for the future years which will become a key, more key resource in the future for this country as the economy is based on it.

A sound wastewater treatment infrastructure is essential to the future economic development in all areas of this country including the south and southwest where they are fighting for the water now to come out of the mountains. Court ordered bans on construction which eliminates jobs in terms of the housing industry, which backs up into the mortgage banking industry, you can talk about lower interest rates all you want.

That is not going to drive the housing industry when they can't hook up to a sewerage treatment plant. They can't build when there are bans on. Therefore, we can drive the interest rates down all we want but in tying into the new plants we don't have that ability because the capacity is not there and will not be there in the future.

The $85 billion I talked about earlier only takes into consideration the supplying the existing needs of today's population, not an increasing population.

My point is simple for today. The EPA construction grants program is necessary. It is efficient and it is working. I strongly urge you to support the $2.4 billion appropriation for the program in fiscal year 1987.

I thank you for the attention and the time you have given me today.

[The statement of Mr. Kenny follows:]

NATIONAL UTILITY CONTRACTORS ASSOCIATION
(NUCA)

Represented by

Gerard M. Kenny
Kenny Construction Company
Wheeling, Illinois

and

President
National Utility Contractors Association

Fiscal 1987 Appropriations
U.S. Environmental Protection Agency
Construction Grants Program

House Appropriations Subcommittee on
HUD - Independent Agencies

May 8, 1986
Washington, D.C.

National Utility Contractors Association
1235 Jefferson Davis Hgwy, #606
Arlington, Virginia 22202

Mr. Chairman and members of the committee, the National Utility Contractors Association (NUCA) is comprised of 2,000 companies nationwide -- contractors, suppliers and manufacturers -- that specialize in wastewater treatment and water delivery construction projects. NUCA members lay the pipe and build the treatment plants necessary to achieve the goals set forth by Congress in the Federal Water Pollution Control Act. In short, it is our job to build the projects necessary to meet the "clean water" requirements mandated by Congress.

As a result of our experience in building many of the sewage treatment facilities financed by the funding appropriated by this committee for the EPA Construction Grants Program, I wish to take this opportunity to offer the underground construction industry's views on the program and to offer our recommendations on fiscal 1987 funding for it.

Past Appropriations

Before addressing myself to the question of fiscal 1987 appropriations for the program, I want to take a moment to thank you, Mr. Chairman, and each member of the committee for your outstanding leadership in recent years in ensuring full yearly funding for this crucial program. The $2.4 billion appropriated by Congress annually in fiscal years 1982 through 1985 brought much-needed funding stability to the program. State officials have been better able to administer their planning and construction knowing that a stable source of federal financing would likely be forthcoming on a yearly basis.

That steady flow of funding, coupled with the outstanding management of the program by Henry Longest, Acting Assistant Administrator for Water, and William Whittington, Director of the Office of Municipal Pollution Control, has resulted in a smooth running program over the past four years. More importantly, real progress has been made in the nation's ongoing battle against water pollution.

More recently, Chairman Boland and Congressman Green are particularly responsible for winning Congressional approval for the release of $600 million in fiscal 1986 financing for the EPA construction program. The failure of House and Senate public works committees to finalize legislation reauthorizing the program would have undoubtedly resulted in serious disruptions in the clean water program in most states. The shutdown of projects was prevented only by this panel's decision to include $2.4 billion in funding in the fiscal 1986 continuing resolution enacted in December. As you know, $600 million of this funding was made immediately available for construction, with the release of the remaining $1.8 billion contingent upon final enactment of the reauthorization bill.

Despite the tireless efforts of NUCA, program reauthorization language contained in the Clean Water Act Amendments has still not been resolved by the conference committee. As a result, this association respectfully requests that you include the release of an additional $600 million for the EPA program as part of the supplemental appropriations measure for the current fiscal year.

Some twenty (20) states will have depleted nearly all of their federal EPA financing for construction as of April 30. Key administrative personnel are now being laid off in several states. Planned projects ready to go to construction have been put on hold due to a lack of federal financing. In fact, part of the construction season will be lost in colder regions of the country, delaying construction on some projects for nearly a full year unless additional financing is soon forthcoming.

Chairman Boland, Congressman Green, and members of the panel, once again we look to your leadership in releasing an additional $600 million of the remaining $1.8 billion in fiscal 1986 appropriations in order to prevent major disruptions in the program that are sure to occur in many states within the next few weeks. We further strongly encourage you to make every effort to take the necessary steps to release the remainder of the fiscal 1986 appropriation after final action on the reauthorization measure has been completed.

Fiscal 1987 Appropriations

In regard to the issue at hand -- fiscal 1987 funding for the EPA Construction Grants Program -- I must emphasize NUCA's staunch opposition to President Reagan's proposal calling for $1.8 billion in construction financing. A continuation of $2.4 billion in funding for the coming fiscal year is critical if the program is to remain an effective tool in the nation's water pollution abatement effort. I want to say at the outset that we, as underground utility contractors, have a vested interest in the program and would hope to benefit from this funding through the competitive bidding system. While there is no question that more of the funding burden must be assumed by state and local governments, a $2.4 billion appropriation for fiscal 1987 remains vitally important.

The problems confronting this nation's sewage treatment systems are acute, they are immediate and they are widespread across the nation. This dilemma is the result of long-term, massive _under-investment_ in wastewater treatment systems, largely on the part of state and local governments. All told, the EPA estimates it will cost some $108 billion by the year 2000 in order for the nation's wastewater treatment systems to comply with current environmental requirements -- $85 billion alone for the current population. Under current law, the projected federal share of those costs has been reduced to roughly $35 billion. While we are aware of the perhaps somewhat inflated projections contained in the EPA survey, there is little doubt the financial requirements for the remainder of this century are immense.

We also wish to bring to your attention the April, 1983 report by the Congressional Budget Office (CBO) entitled, "Public Works Infrastructure: Policy Considerations for the 1980s" The report from this highly respected body states, " Inadequate sewer pipes and sewage treatment as well as insufficient capacity to handle storm runoff characterize many of the nation's 15,000 wastewater treatment systems ... but projected federal and non-federal outlays combined fall short of (projected needs) by about 24 percent."

The CBO report also indicates EPA and other federal agencies, under the appropriations ceilings now authorized, will spend an average of $3.2 billion on wastewater facilities each year between now and 1990. In order to meet all estimated needs, the CBO indicates federal spending would have to increase to an average of $4.2 billion each year through 1990 -- roughly a 25 percent increase.

Additional statistics also support the need to maintain funding for the construction grants program:

- The current backlog (total existing needs) for compliance with the Act is estimated at $85 billion, according to EPA;

- Billions in wastewater treatment projects ready for construction currently await funding;

- According to Pat Choate, co-author of "America in Ruins," it will cost $25 billion over the next few years alone to meet pollution control standards;

- Nearly one-half of the nation's communities are unable to add additional homes and businesses onto their sewage treatment systems because those systems are already operating at full capacity -- thereby losing valuable tax revenues.

It is this last statistic that is particularly alarming. A sound network of basic public facilities is essential to the future economic growth of our nation. Studies indicate businesses and industries place the condition of an area's sewer and water systems near the top of their list of criteria in determining whether to build, expand or relocate.

Perhaps the most convincing argument in favor of a $2.4 billion appropriation is to consider the risks involved in reducing current funding levels. Low annual expenditures postpone the nation's clean water problems and thus prolong the very need for the federal program. Studies indicate that between 1976 and 1984, construction costs in this nation increased by 65 percent. Any reduction in current funding will lead to delays in construction which, in turn, will add to the total cost of the program.

Again, we stress that State and local governments must also increase their financial commitment for water pollution control construction projects. This should be accomplished through a tough EPA enforcement policy requiring municipalities to develop a firm construction schedule to meet the water quality standards required by the federal Clean Water Act -- a policy that is currently being pursued by the EPA.

The need for a $2.4 billion appropriation can best be summarized by citing a report from state program administrators, which indicates that nearly 3,000 projects necessary to meet the July 1, 1988 municipal enforcement deadline have not yet been funded. The fact that all of these projects constitute "new starts" is also ample reason for the committee to reject the Administration's proposal to limit fiscal 1987 funding only to continue construction on projects already begun. The proposed ban on the funding of new projects has been rejected by the committee in the past, and NUCA urges you to again permit the use of any new appropriations for all projects, both new and ongoing.

Budgetary Considerations

NUCA's recommendation to maintain the current funding level is due largely to our firm belief in the critical link between adequate wastewater treatment facilities and future economic growth. It is also a result of planned reductions in federal funding proposed by the Administration for this and other programs used by state and local governments to finance sewage treatment construction projects.

Despite the acknowledged construction needs cited earlier in my testimony, a survey by NUCA reveals that the Reagan Administration's fiscal 1987 budget request for the major federal programs that finance the construction of sewage treatment systems represents a staggering 64% reduction from Congressional appropriations for these programs in fiscal 1980. Specifically, the reduction is from $4.92 billion in 1980 to the proposed 1987 total of $1.8 billion in the President's budget request for these three programs. A breakdown of these figures follows:

FEDERAL WATER/WASTEWATER CONSTRUCTION SPENDING

Program	Fiscal 1980 Appropriations	Fiscal 1987 Request	Decrease
Farmers Home Administration (FmHA) Water/Waste Disposal Program (total grants & loans)	$990 million	-0-	$990 million (-100%)
Economic Development Administration (EDA)	$582 million	-0-	$582 million (-100%)
Environmental Protection Agency (EPA) Construction Grants	$3.4 billion	$1.8 billion	$1.6 billion (-47%)
TOTAL =	$4.972 billion	$1.8 billion	$3.172 billion (-64%)

Have state and local governments picked up the slack? Unfornately not, as records indicate public construction as a percent of total construction volume is lower now than at anytime since 1947. Sharp drops in the public share of new construction in recent years have lowered the public share to 17.9% in 1984 -- far below the 30% share as recently as 1975. In fact, the total annual expenditure by the federal, state and local governments for public capital investment projects has declined by more than 50% in just the last 15 years.

In addition to cutting back federal appropriations for these programs, pending tax proposals would exacerbate the problem facing communities by limiting their ability to finance construction work through their local resources. Restrictions on municipal development bonds and other proposals expected to be an integral part of the final tax reform package would further hinder the opportunity for local communities to finance construction.

Pending Reauthorization Plan

The $1.8 billion White House budget proposal is in line with the Administration's 4-year plan to phase out all federal funding for this important environmental construction program. While a phase out of federal construction financing may indeed by desirable, the four year proposal offered by the Administration is simply too rapid if the sewage treatment program is to have any hope of continued effectiveness.

The House and Senate have already given careful consideration to the President's phaseout plan and have soundly rejected it. By overwhelming margins, both bodies approved similar pieces of legislation reauthorizing the EPA Construction Grants program for a 9-year period. Both bills would authorize federal funding of at least $2.4 billion annually through 1991 before phasing out all federal financing in fiscal 1994. While it is true that the House version calls for an increase of more than $2.4 billion in funding for 1987, we feel certain the conference committee will adopt the Senate language authorizing $2.4 billion in fiscal 1987.

An important provision of both the House and Senate measures would initially encourage -- and later require -- states to establish revolving loan programs to finance construction. NUCA fully supports this state revolving fund concept as an effective means of stretching the federal dollar, enabling many more planned projects to go to construction. The loan programs would also ensure state administrators of a steady and reliable source of financing that would aid in their planning and construction programs.

An increasing number of states are beginning to realize a program of federal grants is not interminable. Many have already established some type of program to finance needed construction projects. Many more states have legislation to establish such programs pending. All will agree, however, that an orderly federal phaseout, along with a dependable yearly level of federal financing, is essential if the federal clean water program is to remain effective. Reducing federal financing below a $2.4 billion annual level too rapidly will result in a breakdown in the clean water battle from which it would take years to recover.

Conclusion

Mr. Chairman and members of the committee, I conclude by imploring you to appropriate $2.4 billion in fiscal 1987 funding for the EPA Construction Grants Program -- an amount equal to that of recent years. This figure is both reasonable and responsible in light of the current need for this construction financing and the benefits derived from it.

As does any responsible business group, the National Utility Contractors Association (NUCA) supports a balanced federal budget. But given the figures cited earlier in my testimony, which indicate a 64% reduction in federal funding for the major federal wastewater treatment construction programs, we feel strongly that this area of the federal budget has already been pared to the bone.

Further reducing funding will not reduce the need for this financing, it will only postpone construction and lead to even greater costs and higher prices in the future. It is also important to note that a reduction in the federal budget deficit is partially dependent upon economic growth, and economic expansion is dependent upon a sound infrastructure. I also point out that $2.4 billion in funding for this program is "assumed" in the federal budget plan adopted by the Senate Budget Committee for fiscal 1987.

As the utility contractors of this nation, we stand ready and able to contribute to the twin goals inherent in this EPA program: environmental quality and economic growth. This program is important, it is efficient and, above all, it is working. I strongly urge you to continue your past support for the program in fiscal 1987 and beyond. Thank you for granting me the opportunity to appear before you here today, and I will be happy to answer any questions you may have at this time.

Mrs. BOGGS. Thank you. I am constrained to tell you we are running behind time and we should stick to our five minutes, so will you summarize?

Mr. MCDERMITT. Madam Chairman, I have nothing to add.

Mr. KENNY. He was just here to answer questions.

Mrs. BOGGS. Thank you very much. We are very grateful for your time.

Last December an agreement was reached that the $600 million would be made available but the remaining $1.8 billion would not be released until after the Clean Water Act reauthorization.

Do you have any progress to report on the reauthorization?

Mr. MCDERMITT. At the risk of this getting back to some folks on the reauthorization, there is no question that the general consensus is that those Committees have been derelict in their duties in reauthorizing the Clean Water Act.

In regard to progress, as you know, many of the conferees are also members of the Superfund Conference which is currently bogged down as well. There has been some progress very recently.

The House and the Senate staff, staff members of the Conference Committee got together on Friday and reported some progress on some minor issues. I understand there is a caucus of House conferees today and it is Mr. Rose's intention to announce the next formal gathering of the Conference Committee, possibly next week.

Progress is slow.

Mrs. BOGGS. Why can't they reach an agreement?

Mr. MCDERMITT. That is a very good question and I challenge anyone to answer why not, because there are differences between the House and Senate bills. Everyone with a knowledge of the two pieces of legislation indicates they are certainly not irreconcilable differences there.

I believe the major problem has been the emphasis has been on Superfund, spending 90 percent of their time on that. From our perspective, we would like to see them set aside a few days to hammer out an agreement on clean water.

There is simply no excuse.

Mrs. BOGGS. Thank you.

Mr. Green?

Mr. GREEN. If one is looking ultimately for the Federal directed program to come to an end and at a point where I think it is generally agreed the work would not be complete, have you had a chance to look at the Senate tax bill as to what that augers in terms of the ability of the states to finance and local government to finance without the direct Federal grants?

Mr. KENNY. Yes. Are you talking about the new bill that just came out?

Mr. GREEN. Yes.

Mr. KENNY. All you can really pick up is the changes day to day depending on the interpretation if you read the *USA Today* or the *Wall Street Journal* as to the effect it is going to have, but it is not a positive effect.

Mr. MCDERMITT. I understand in regard to municipal bonds they did retain many of the benefits that currently are accrued by the local municipalities and would enable them to continue to use municipal bonds, tax-free municipal bonds for this purpose.

I understand that in regard to one new phase in financing these projects at the local level is privatization. I understand that three key aspects of privatization, are municipal bonds, the investment tax credit, and accelerated depreciation.

It is my understanding, and I haven't taken a close look at the bill yet, it is my understanding that two of those three are relatively protected, those being municipal bonds and accelerated depreciation.

The investment tax credit would be eliminated which I think everyone expects at this point. It is also eliminated in the House bill, but that in my understanding would not have dramatic negative impact on the privatization sector.

As far as some of the other aspects of the Senate bill, I don't think anyone has had a chance to really develop into it.

Mr. GREEN. It was not clear to me that the accelerated depreciation was to flow through to an individual. It is sort of the key to syndicating or privatizing.

Mr. KENNY. If you analyze that and you have a base rate of 27 percent, what is the value of that? That deduction is much less than when you had a 50 percent income tax bracket.

Mr. McDERMITT. Also, in the House tax bill there are restrictions, new restrictions on the volume of municipal bonds that could be issued within each State based on population.

We see that as a real potential negative to local financing.

Mrs. BOGGS. Mr. Coughlin.

Mr. COUGHLIN. Thank you, Madame Chairman.

It is this Subcommittee that has indeed provided leadership over the years for providing funds for various environmental programs. In your comments on infrastructure, people are also infrastructure and investment in people is also important.

Mr. KENNY. Investment in infrastructure is an investment in your people. I agree with you. Yes.

Mrs. BOGGS. Our big Chairman, Mr. Whitten, will be very happy to read your testimony. He shares the feeling about the infrastructure and what we leave to our project.

I regret I have to go to another meeting.

Thank you, Mr. Chairman.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

JOHN F. WELCH, PRESIDENT, SAFE BUILDING ALLIANCE

Mr. GREEN [presiding]. Mr. John Welch from the Safe Building Alliance.

Mr. WELCH. I will be brief in deference to the hour.

SBA is an association of companies whose subsidiaries formerly manufactured asbestos-containing building products.

We have, since our formation, been promoting the adoption of uniform standards to govern decisions as to when asbestos-containing materials in buildings may pose unreasonable health risk.

When Members of this Committee conferred last year on funding for EPA's asbestos in school buildings, the conference directed the industry to improve its methods and procedures for evaluating and ranking asbestos hazards and specifically earmarked $500,000 for asbestos to air monitoring studies.

We urge this Committee, in turn, ask EPA to expedite these studies or at a minimum to provide you an interim report so that current and future deliberations on this program may benefit from the findings.

We are gratified to see that the revisions which this Committee promoted in EPA's technical guidance acknowledges at long last what quite a number of expert groups have said. That is, the mere presence of asbestos in building does not constitute a significant health risk.

Likewise, or encouraged by the Agency's recent policy statement which says, "in most cases removal of asbestos-containing materials that are in good condition is not the most protective of health or the most cost effective approach," yet we are deeply concerned that EPA still opposes an objective air monitoring action level to provide some sort of unbiased method for determining when to act and important to the deliberations of this Committee, to ensure that Federal financial resources are being truly directed to the most serious problems.

Absent such a criterion, the emotionalism and the overreaction prompted by the finding of asbestos materials in buildings, we believe is ultimately only going to continue with expensive and dangerous removal activity.

For schools, air monitoring can be both a decision tool to be used in conjunction with visual assessment to determine whether major abatement is necessary and at the same time can be a communications tool to communicate with concerned parents or with service personnel or the professional teaching staff to prevent unwarranted removals and overreactions.

Depending upon whose number you take, whether it is the National Education Association's estimate that abatement may cost $3 billion or EPA's estimate of $1.5 billion, or the $20 billion market that abatement contractors see the issues, the point is very simple. It is spending such sums on needless removals that may be counterproductive in terms of protecting public health; it would be a tragic waste of societal resources.

Thank you very much.

Mr. GREEN. Mr. Coughlin?

Mr. COUGHLIN. No questions, Mr. Chairman. I appreciate your testimony.

Mr. GREEN. Thank you very much.

[The statement of Mr. Welch follows:]

STATEMENT OF

JOHN F. WELCH

PRESIDENT

SAFE BUILDINGS ALLIANCE

ON

ENVIRONMENTAL PROTECTION AGENCY SCHOOL ASBESTOS ABATEMENT PROGRAM

before the

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

of the

HOUSE COMMITTEE ON APPROPRIATIONS

May 8, 1986

Thank you, Mr. Chairman. My name is John Welch, President of the Safe Buildings Alliance (SBA).

SBA is an association of companies who formerly manufactured or whose subsidiaries formerly manufactured asbestos-containing products for building construction. The Alliance was formed to promote a rational, scientifically-sound response to concerns raised by the presence of asbestos-containing materials in schools, specifically:

- Adoption of uniform air monitoring standards to determine when friable asbestos-containing products in schools may pose an unreasonable risk.
- Establishment of strict, but fair, training and certification programs for inspectors, laboratories, and contractors involved in assessment and corrective actions.
- Practical, cost-effective alternatives to the hazardous and costly process of indiscriminate removal of asbestos-containing products.

When members of this Committee conferred last year on funding for EPA's school asbestos abatement program, the conferees directed the Agency "to improve its methods and procedures for evaluating and ranking asbestos hazards" 1/ and that $500,000 be used for asbestos air monitoring studies. As specified in the House report: 2/

> The Committee is convinced that more reliable information on prevalent indoor and outdoor asbestos levels is essential to better understand and quantify health risks. These

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1/ H.R. Rep. No. 99-212, 99th Cong., 1st Sess. 27 (1985).

2/ Ibid (emphasis added).

> funds have been added for EPA to conduct a comprehensive, definitive, statistically reliable study of airborne asbestos levels. This study should use transmission electron microscopy to collect and analyze air samples taken from buildings with various forms of asbestos-containing materials, covering the range of physical and damage conditions and building uses. Sampling should include schools receiving Federal assistance and be taken both before and after abatement and compared to outdoor levels. The data should be thoroughly analyzed, comparisons and correlations drawn where appropriate, and the study subjected to scientific peer review. The Agency's risk assessment exposure models should be reviewed and validated on the basis of these actual exposure data.

The Committee should urge EPA to expedite these important studies -- or at a minimum provide an interim report to this committee -- so that current and future deliberations on school asbestos abatement may benefit from the findings.

EPA only partly succeeded in the development of more practical guidance to assist school officials in assessing hazards and evaluating appropriate abatement responses. The Agency's revised technical guidance document -- the so-called "Purple Book" -- acknowledges at long last what expert groups have cautioned for years: the mere presence of asbestos does not necessarily represent a significant health risk in schools or other buildings. Numerous studies 3/ 4/ 5/ 6/ have found perhaps the greatest potential risk from friable asbestos in buildings is not that the material may remain in place and only marginally add to ambient asbestos levels, but rather that poorly conducted removal will convert highly questionable pre-abatement risks into risks which are certain. EPA's more balanced guidance thus emphasizes that "[p]revalent levels of airborne asbestos inside buildings with ACM [asbestos-containing materials] may be 10 to 100 times higher than outdoor levels, "but such exposures are still "10,000 to 100,000 times lower than levels in industry workplaces where asbestos-related diseases have been well-documented." 7/ The Agency's policy statement on school asbestos abatement appropriately cautions that, "in most

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3/ Ontario Royal Commission on Asbestos, Briefing Notes, at 15-16, 27-28.

4/ D. Pinchin, "Asbestos in Buildings," Report to the Ontario Royal Commission on asbestos, at 7.12 to 7.13 (June 1982).

5/ United Kingdom Advisory Committee, Asbestos, Vol. II at 17 (1979).

6/ Bernstein, R. S., "A Review of the Scientific Basis for EPA's School Asbestos Hazard program, with Recommendations to state Health Officials," at 13 (Oct. 1984).

7/ EPA, "Guidance for Controlling Asbestos-Containing Materials in Buildings," 1-2 (June, 1985).

cases removal of asbestos-containing materials that are in good condition is not the most protective of health or most cost-effective approach." 8/

The message here is that risk is posed by the presence of airborne asbestos -- not by the simple existence of asbestos-containing materials in buildings. Yet, EPA still opposes an objective, air monitoring action level to provide an unbiased method for determining when to act and to ensure that Federal financial assistance is directed to schools with the most serious problems. Absent such a criterion, the emotionalism surrounding asbestos is likely to continue to fuel the rush toward unnecessary, expensive and dangerous removal activity. It is for this reason that we believe no major abatement -- removal, encapsulation, or enclosure -- should be undertaken without decisions based, at least in part, on air monitoring. The present EPA technical guidance is still only qualitative. There is a crying need for objective, quantitative evaluations based in some measure on air monitoring. Human intuition cannot replace hard science. Air monitoring by electron microscopy provides a badly needed objective standard. For schools, air monitoring can be a

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8/ EPA, "Policy Statement, 1986 Loan and Grant Program, Asbestos School Hazard Abatement Act," 8 (Feb. 13, 1986).

decision tool to be used with visual assessment to determine whether major abatement is necessary and, at the same time, a communications tool to prevent over-reaction and unwarranted removal.

The value of air monitoring has another dimension -- focusing limited resources. The National Education Association estimates that the total tab for eliminating asbestos hazards from the nation's schools is more than $3 billion. EPA estimates $1.5 to $2.0 billion. Abatement contractors see it as a $20 billion market opportunity. Spending such sums on needless removals would be a tragic waste of societal resources.

I appreciate the opportunity to participate in this hearing.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

NANCY NOONAN, PRESIDENT, PENNSYLVANIA STATE EDUCATION ASSOCIATION, ON BEHALF OF THE NATIONAL EDUCATION ASSOCIATION

JOEL PACKARD, LEGISLATIVE SPECIALIST, NEA RELATIONS DIVISION

Mr. GREEN. Ms. Noonan, President of the Pennsylvania State Education Association, NEA. Your full statement will be placed in the record.

Ms. NOONAN. Thank you, Mr. Chairman, Members of the Committee. My name is Nancy Noonan, President, Pennsylvania State Education Association, and I am here today speaking on behalf of the National Education Association.

NEA's 1.8 million members are this nation's public school teachers, education support employees, and higher education faculty and staff. NEA is pleased to have this opportunity to testify today on funding for the Asbestos School Hazard Abatement Act (ASHAA), and on the problem of asbestos in the schools.

This testimony has been endorsed by the following organizations: the American Association of School Administrators; American Federation of State, County, and Municipal Employees; American Federation of Teachers; Citizen Action; National Campaign Against Toxic Hazards; National Congress of Parents and Teachers (National PTA); Service Employees International Union, and United States Public Interest Research Group.

I am here today with a very simple message. Millions of students and school employees are in grave danger as a result of their exposure to the silent killer—asbestos. The Congress can and must help rid our schools of this deadly menace. And an essential element in that task is for this Subcommittee to recommend appropriating the full $100 million authorized for ASHAA for the 1987 fiscal year.

Despite widespread information about the pervasive and serious danger of asbestos in our nation's schools, far too little has been done to protect our children and those who work in the public schools from the hazards of asbestos. The question before us is not who has been at fault in the past. Asbestos manufacturers, local education agencies, federal agencies, state legislatures, and the Congress all must bear some responsibility. The issue today is what are we going to do now. In the interest of the millions of lives who will be ruined by continued exposure to asbestos, our nation cannot drag its feet any longer.

That asbestos presents a hazard has been known by people in a position to do something about it since the 1930s, but it was not until 1973 that the use in the schools of "spray-on" asbestos was prohibited; not until 1978 did the EPA broaden this prohibition to cover other uses of asbestos. It would be unforgiveable—given the widespread knowledge of the present asbestos danger in America's schools—to know and not to act.

The Administration's proposal to totally eliminate funding for this program shows a callous disregard for the lives of millions of school children and the safety of school workers. To eliminate funding for ASHAA would be both fiscally shortsighted and morally reprehensible. It is essential that we continue—indeed, increase—

our investment in human health by fully funding the Asbestos School Hazard Abatement Act.

Thanks to the efforts of this Committee, Congress appropriated $50 million to fund projects of the Asbestos School Hazard Abatement Act for fiscal year 1986. The Environmental Protection Agency is now in the process of collecting applications for grants and loans for fiscal year 1986. We commend the EPA for the revisions in the application process—both those changes to simplify and streamline the process, including improved timelines—and those changes made to ensure compliance with regulations governing testing and abatement, including an increase in EPA on-site inspections.

In June of 1985, the EPA offered the first $45 million in assistance to public and private schools to finance asbestos abatement projects.

The EPA offered awards to 198 school districts for 417 separate abatement projects in 340 schools. Approximately $12 million in grants and $33 million in interest-free loans were offered on the basis of the severity of an applicant's asbestos-related problem and the school district's financial need. Public schools received $39.7 million in assistance, and private schools received $4.9 million in assistance.

But much more needs to be done. Over $530 million in assistance was requested under the ASHAA program, including more than $400 million for public local education agencies. EPA was able to provide only about one-tenth of the amount requested. Some 770 public local education agencies, representing approximately 4,600 individual public schools with 7,400 individual projects, applied for ASHAA grants and loans. Of those 7,400 projects, only 352 received funding.

But even the applications filed under the ASHAA program do not represent the full extent of the need.

Separate surveys on the presence of asbestos in the schools by the General Accounting Office and the NEA show that three-quarters of all school districts in the nation have at least one building with friable asbestos. The NEA survey of almost 1,000 school districts found that not only did the majority of districts have contaminated buildings, but nearly one in three school buildings contains friable asbestos. Respondents to the NEA survey indicated they had spent more than $86 million on asbestos abatement projects. The United States Department of Education estimates total clean-up costs at $3 billion.

The $100 million requested for this program for fiscal year 1987 is absolutely crucial to help those school districts with the greatest dangers and the least ability to fund responsible abatement projects. Local school districts are beset by cutbacks and funding limitations from all sides. The *Fiscal Survey of the States* for 1986, published by the National Governors' Association and the National Association of State Budget Officers, reports that 13 states will have to reduce their appropriated budgets for fiscal year 1986, and 20 states will reduce their budget for fiscal year 1987. Many school districts have statutory or state constitutional limits on the amounts they tax and/or borrow.

We share this Committee's concern that the projects funded by EPA are handled properly. We commend the Committee for including in the fiscal year 1986 appropriation a requirement that contractors hired for ASHAA-funded abatement projects be certified by EPA.

Similar protections need to be extended to asbestos inspection and abatement programs in all schools. NEA strongly supports the Asbestos Hazard Emergency Response Act of 1986 introduced in both the House by Representative Florio as H.R. 4311 and in the Senate by Senator Robert Stafford as S.2083. This Act would require the EPA to set standards for safe and effective abetment procedures.

NEA believes these regulations must be instituted to ensure the safety of America's school children and school employees. Without adequate funding, however, responsible abatement projects are impossible.

Each day that we as a Nation fail to act on this problem, millions of school children and school employees are subjected to the threat of disease and death. The threat continues.

Your support of full funding of the ASHAA program will help save many lives.

We thank you for your attention to our testimony and request that your continued support help us provide full funding.

[The statement of Ms. Noonan follows:]

LEGISLATIVE INFORMATION

TESTIMONY OF THE
NATIONAL EDUCATION ASSOCIATION
ON THE
ASBESTOS SCHOOL HAZARD ABATEMENT ACT (ASHAA)
BEFORE THE
HUD-INDEPENDENT AGENCIES
APPROPRIATIONS SUBCOMMITTEE
U.S. HOUSE OF REPRESENTATIVES

PRESENTED BY

NANCY NOONAN, PRESIDENT

PENNSYLVANIA STATE EDUCATION ASSOCIATION

MAY 8, 1986

Mr. Chairman and Members of the Committee:

My name is Nancy Noonan. I am President of the Pennsylvania State Education Association, and I am speaking on behalf of the National Education Association. NEA's 1.8 million members are this nation's public school teachers, education support employees, and higher education faculty and staff. NEA is pleased to have this opportunity to testify today on funding for the Asbestos School Hazard Abatement Act (ASHAA), and on the problem of asbestos in the schools.

This testimony has been endorsed by the following organizations: the American Association of School Administrators; American Federation of State, County, and Municipal Employees; American Federation of Teachers; Citizen Action; National Campaign Against Toxic Hazards; National Congress of Parents and Teachers (National PTA); Service Employees International Union, and United States Public Interest Research Group. I am here today with a very simple message. Millions of students and school employees are in grave danger as a result of their exposure to the silent killer -- asbestos. The Congress can and must help rid our schools of this deadly menace. And an essential element in that task is for this Subcommittee to recommend appropriating the full $100 million authorized for ASHAA for the 1987 fiscal year.

Despite widespread information about the pervasive and serious danger of asbestos in our nation's schools, far too little has been done to protect our children and those who work in the public schools from the hazards of asbestos. The question before us is not who has been at fault in the past. Asbestos manufacturers, local education agencies, federal agenices, state legislatures, and the Congress all must bear some responsibility. The issue today is what are we going to do now. In the interest of the millions of lives who will be ruined by continued exposure to asbestos, our nation cannot drag its feet any longer.

Dangers of Asbestos Well Documented

The dangers of exposure to asbestos are well documented. This Subcommittee is well aware of the fact that asbestos is a dangerous carcinogen; that exposure to asbestos can result in lung cancer, mesothelioma, and asbestosis. You have heard many times that 15 million children attend school in buildings contaminated by hazardous asbestos; that 1.5 million school employees work in buildings contaminated by hazardous asbestos.

I know you are also aware that children are at a greater risk than adults. In 1983, the EPA's Office of Toxic Substances cautioned: ``The age at which asbestos exposure occurs is very important in determining the lifetime risk of developing mesothelioma (cancer). This fact creates a special concern for asbestos exposure to children...A child exposed from age 5 to 10 will have about 10 times the chance of developing mesothelioma as an adult exposed to the same amount of asbestos between ages 35 and 40. In addition, children appear to be more susceptible than adults to (other) asbestos-related diseases.``

There are a number of reasons why children are more susceptible to asbestos-related diseases. Because they tend to be more active than adults, children inhale and exhale more often, and since they often breathe through their mouths, they circumvent the body's normal nasal filtering system. Therefore, children are particularly likely to inhale greater amounts of asbestos fiber.

Children's higher rates of metabolism and cell development also may increase their risk of developing an asbestos-related disease. And since children have a greater remaining lifespan than adults, they are more likely to develop such diseases during their lifetimes. The net effect of these facts spells real danger: since most asbestos-related disease take 15 to 40 years to manifest themselves, childhood exposure to asbestos can result in a person being stricken in the prime of life.

Not To Act Would Be Unforgiveable

That asbestos presents a hazard has been known by people in a position to do something about it since the 1930s, but it was not until 1973 that the use in the schools of ``spray-on`` asbestos was prohibited; not until 1978 did the EPA broaden this prohibition to cover other uses of asbestos. It would be unforgiveable -- given the widespread knowledge of the present asbestos danger in America's schools -- to know and not to act.

The Administration's proposal to totally eliminate funding for this program shows a callous disregard for the lives of millions of school children and the safety of school workers. To eliminate funding for ASHAA would be both fiscally shortsighted and morally reprehensible. It is essential that we continue -- indeed, increase -- our investment in human health by fully funding the Asbestos School Hazard Abatement Act.

ASHAA Award History

Thanks to the efforts of this Committee, Congress appropriated $50 million to fund projects of the Asbestos School Hazard Abatement Act for FY 86. The Enviromental Protection Agency is now in the process of collecting applications for grants and loans for FY 86. We commend the EPA for the revisions in the application process -- both those changes to simplify and streamline the process, including improved timelines -- and those changes made to ensure compliance with regulations governing testing and abatement, including an increase in EPA on-site inspections.

In June of 1985, the EPA offered the first $45 million in assistance to public and private schools to finance asbestos abatement projects.

The EPA offered awards to 198 school districts for 417 separate abatement projects in 340 schools. Approximately $12 million in grants and $33 million in interest free loans were offered on the basis of the severity of an applicant's asbestos-related problem and the school district's financial need. Public schools received $39.7 million in assistance, and private schools received $4.9 million in assistance.

The states which received the highest award amounts were Ohio, with $8.2 million in projects; Texas, with $5.1 million in projects, and Pennsylvania, with $4 million in projects. The school districts which received the largest individual awards were Houston (Texas) Independent School District, $5.1 million, and Cleveland (Ohio) Catholic Diocese, $2.5 million.

Awards to other selected states were Massachussets, $406,000; Michigan, $816,000; Louisiana, $2.3 million; Minnesota, $617,000; Tennessee, $1 million; New York, $1.5 million; and California, $262,000.

Some 323, or 77 percent, of the funded projects were for schools classified as having asbestos in a badly damaged state. The others were in schools classified as having asbestos in a state of moderate or minor damage.

ASHAA-funded projects will eliminate 4.7 million hours of student and employee exposure to asbestos per week.

Still More Must Be Done

But much more needs to be done. Over $530 million in assistance was requested under the ASHAA program, including more than $400 million for public local education agencies. EPA was able to provide only about one-tenth of the amount requested. Some 770 public local education agencies, representing approximately 4,600 individual public schools with 7,400 individual projects, applied for ASHAA grants and loans. Of those 7,400 projects, only 352 received funding.

But even the applications filed under the ASHAA program do not represent the full extent of the need.

Separate surveys on the presence of asbestos in the schools by the General Accounting Office and the NEA show that three-quarters of all school districts in the nation have at least one building with friable asbestos. The NEA survey of almost 1,000 school districts found that not only did the majority of districts have contaminated buildings, but nearly one in three school buildings contains friable asbestos. Respondents to the NEA survey indicated they had spent more than $86 million on asbestos abatement projects.

Based on these findings, the total cost of asbestos clean-up in the nation's schools is estimated at between $1.5 and $2 billion. The U.S. Department of Education estimates total clean-up costs at $3 billion.

The $100 million requested for this program for FY 1987 is absolutely crucial to help those school districts with the greatest dangers and the least ability to fund responsible abatement projects. Local school districts are beset by cutbacks and funding limitations from all sides. The Fiscal Survey of the States for 1986, published by the National Governors' Association and the National Association of State Budget Officers, reports that 13 states will have to reduce their appropriated budgets for FY 86, and 20 states will reduce their budget for FY 87. Many school districts have statutory or state constitutional limits on the amounts they tax and/or borrow.

Of the projects funded in the ASHAA program, 80 percent were in school districts where the per capita income is less than $7,500, and more than one-third were in school districts where the per capita income is less than $6,000.

We share this Committee's concern that the projects funded by EPA are handled properly. We commend the Committee for including in the FY 86 appropriation a requirement that contractors hired for ASHAA-funded abatement projects be certified by EPA. In addition, EPA has strengthened its requirements for ASHAA grant and loan recipients.

The improved inspection and targeting provisions, greater coordination with related Agency programs, and the contractor certification and training requirements will ensure that the projects under the ASHAA program are properly conducted and that federal funds for this purpose are well spent.

Regulations Necessary for Responsible Abatement

Similar protections need to be extended to asbestos inspection and abatement programs in all schools. NEA is not only concerned that something be done about the hazards of asbestos, but that the actions taken to address this danger be proper.

Rep. James Florio, Chair of the House Subcommittee on Commerce, Transportation and Tourism, recently reported that an asbestos abatement contractor in New Jersey had workmen rip asbestos off school walls with their bare hands and flush it down the toilet. When the lives of our nation's children are at stake, we cannot afford half measures nor such dangerously irresponsible action.

NEA strongly supports the Asbestos Hazard Emergency Response Act of 1986 introduced in both the House by Rep. Florio as H.R. 4311 and in the Senate by Sen. Robert Stafford as S. 2083. This Act amends Title II of the Toxic Substance Control Act by requiring the EPA to set standards for safe and effective abatement procedures. NEA believes this is absolutely necessary to prevent further damage done in an effort to address this serious health hazard.

In instances where removal was improperly done, the ripping, chipping, peeling, and smashing of tons of asbestos substances from walls, ceilings, and other spaces has released enormous amounts of sub-micron asbestos fibers into the air, creating greater hazards than before.

Proper testing and filtration are vitally important. The National Cancer Institute reports that analysis of actual tissue from dead asbestos cancer victims reveals that all asbestos fibers examined in the lung were less than 0.5 microns in diameter, and many of the testing procedures currently used cannot detect such small fibers.

Without proper filtration procedures, high concentrations of invisible sub-micron fibers can remain airborne indefinitely. Improper testing procedures have resulted in some school districts spending a million dollars to remove materials which were not asbestos or posed no danger, while other school districts paid out a million dollars for abatement projects which left the building's environment contaminated.

Regulations requiring responsible abatement must be instituted to ensure the safety of America's schoolchildren and school employees. These regulations will also ensure that the money Congress appropriates for abatement projects will be well spent.

Without adequate funding, however, responsible abatement projects are impossible. Responsible abatement projects to address this hazard in our nation's schools must not be delayed. Each day that we as a nation fail to act on this problem, millions of schoolchildren and school employees -- in the false belief that they are in a secure environment -- are subjected to the threat of disease and death. This threat continues. Your support of full funding for the ASHAA program will help save lives.

Thank you.

Report on Asbestos in Pennsylvania's Public Schools

September 1985

Pennsylvania School Boards Association
412 N. Second St., Harrisburg, PA 17101
(717) 233-1642

Pennsylvania School Boards Association, Inc.

ASBESTOS IN PENNSYLVANIA'S PUBLIC SCHOOLS

September, 1985

In August and September, 1985, the Pennsylvania School Boards Association conducted the first comprehensive statewide survey concerning both the presence of asbestos in the Commonwealth's public school buildings as well as the status of local efforts to correct those conditions. Responses were received from 65% of the school districts, intermediate units and area vocational-technical schools, providing a realiable measure of the current school asbestos situation.

Overview of the Findings

The PSBA survey revealed that most school districts have been faced with addressing asbestos conditions in one or more facilities. On a statewide basis, a majority of public school buildings were determined to have contained at least some asbestos materials.

Faced with that challenge, school boards have spent or will commit in excess of $100 million to correct asbestos conditions in their schools. By the end of 1985, nearly eight of every ten school districts with asbestos conditions will have completed all their abatement work. Most school boards have relied exclusively on local taxes to finance these costs as a current operating expense--diverting the funds from other purposes in order to address a serious health concern of parents, students, school employes and thousands of others who utilize school buildings for a variety of purposes.

Scope of the Problem

- Nearly 60% of the buildings maintained by school entities responding to the survey had been determined to contain asbestos materials.
- Buildings that were discovered to contain asbestos are located in almost eight of every ten districts (79%).
- The cost of correcting asbestos conditions in those districts averaged nearly $50,000 per building.

- An estimated total statewide cost in excess of $100 million for asbestos abatement in all public schools was calculated as follows:

3,400	x	.60	x	$50,000	=	$102,000,000
(Number of public school buildings in PA.)		(Percent estimated to contain asbestos)		(Average cost per school building)		(Estimated statewide cost)

Status of Corrective Actions

- More than 90% of the districts with asbestos conditions reported that corrective efforts already have been initiated. The majority of those began asbestos-related work after 1982; the earliest reported asbestos abatement project was undertaken 17 years ago, in 1968.

- Most districts expect to finish their asbestos work soon; 78% reported their projects would be completed by the end of 1985. Only 5% of the districts did not anticipate completing abatement efforts by the end of 1987 and none foresaw them extending beyond 1990.

- More than two-thirds of the school districts relied on "outside" professional advice in determining which buildings contained asbestos and in developing plans to correct those conditions. Most frequently cited were architectural and engineering firms (by 42% of the respondents), while 23% reported utilizing consultants or other advisors. An additional 6% indicated that more than one of those professional resources were retained for their asbestos work. A few districts (15%) relied exclusively on their own personnel for the inspection work, while another 14% reported that their staffs worked in collaboration with architects, engineers or other consultants.

- Corrective measures have been divided between encapsulation -- or the sealing of asbestos (in 32% of the responding districts) -- and removal of those materials (26%). The balance (42%) reported that a combination of those approaches or other techniques were applied.

Funding for Asbestos-Related Work

- The more than $100 million being spent to correct asbestos conditions in public schools is being financed overwhelmingly with local revenues. More than three-quarters (77%) of the districts have earmarked their own tax proceeds as the sole means of paying for their asbestos-related work. Only 7% of the districts have had their costs fully reimbursed by federal and/or state funds, and the remainder (16%) reported utilizing a combination of funding sources to underwrite those expenses.
- Almost three-quarters (72%) of the districts have financed asbestos abatement exclusively as a current operating expense. Long-term debt was incurred by 20% of the districts, and the remainder (8%) combined the current and long-term funding approaches.

Other Findings

- Only 6% of the districts reported experiencing legal problems directly related to their asbestos abatement efforts.
- Districts reported the following as the most serious problems encountered in correcting asbestos conditions (percentages refer to the districts citing the issue as most important):

(1) determining the scope of asbestos conditions in school buildings (35%);
(2) cost of performing necessary corrections (i.e., securing funds) (29%);
(3) complying with appropriate standards for asbestos work (12%);
(4) locating a qualified contractor to perform asbestos work (6%);
(5) obtaining liability insurance (5%);
(6) parent/community relations (3%);
(7) employe/student relations (3%);
(8) legal problems (less than 1%);
(9) various other issues (6%).

Conclusions

The PSBA survey reveals a number of significant developments concerning asbestos in public schools:

- Most districts have had asbestos identified in at least some of their buildings, and nearly all have taken corrective measures.
- Funding for this more than $100 million outlay has been advanced from local revenues and paid as a current operating expense, even though the cost of asbestos abatement was cited as one of the most difficult problems being encountered by local officials.
- This local initiative to correct potential health hazards has been effective; nearly all districts with asbestos conditions expect to be finished with the abatement efforts by 1987 and none anticipate taking longer than 1990 to conclude all asbestos-related work. These efforts have taken place as a local response to potential health hazards, thus far with very little funding assistance from the state and federal governments.
- Because public schools generally are constructed with the approval and financial assistance of state government, PSBA believes the General Assembly should appropriate sufficient funds to reimburse school disricts for the costs they have incurred addressing this issue. This assistance could be provided in more than one year, in order to accommodate state budgetary constraints, but the funding is both appropriate and -- based on these survey results -- overdue.

For further information, contact:

Thomas J. Gentzel
Director, Governmental Relations
Pennsylvania School Boards Association
412 N. Second Street
Harrisburg, PA 17101
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Mr. **Boland** [presiding]. Thank you very much, and we appreciate the fact that the NEA is conscientious and probably has moved in the direction of helping to solve this problem even more so than we, because this is where the money comes from, of course, and this is where the thrust came from to be sure that we have the kind of guidelines and regulation that produced a sensible asbestos removal program. So we appreciate your testimony. We recognize what the problem is. I am sure you recognize, too, we have a problem on this side of the table.

What is the view of the NEA of the caliber of the abatement contractors and the quality of work that is actually being performed?

Ms. **Noonan**. Joel Packard who is one of our legislative specialists in the NEA Relations Division could give you a national perspective. I could probably refer to some contracting that has been done in the State of Pennsylvania.

I would say in our state at least there are some contractors that have been employed, as Congressman Coughlin is probably aware, who have done very reliable, very responsible jobs whose reporting standards are very efficient. Then there are others that we and other construction groups have brought to the attention of the EPA, and there has been some response from EPA in terms of the inefficient work done in terms of asbestos removal.

But Joel might be able to give you a better example nationwide.

Mr. **Packard**. I think what Mrs. Noonan points out is correct. I think nationwide, and that is why we do appreciate what the Committee put in the bill last year, any projects funded with Federal funds have to use a contractor that is essentially certified by the state or approved by EPA, so we know that Federal money is not going to be misspent by fly-by-night firms or people who don't know what they are doing.

We hope if you approve funding this year, a similar requirement is put in. We think EPA is on that issue doing a good job in working with the states and getting these contractors certified. We think those schools which are doing work without Federal funding—which are still a large number of schools—are not required to follow those guidelines. That is why we have been working on legislation, as Mrs. Noonan pointed out to the authorizing committee, that would require EPA to set standards for all schools regardless of whether they get Federal funds or not, and require that all states set up programs of certified contractors so we agree that has been a problem.

We think you have taken care of it adequately in the ASHA program, and we hope that requirement would remain that EPA would see fit to extend that requirement to all schools as well as other buildings besides schools, so we don't have the situation being made worse than might be if a contractor didn't know what they were doing.

Mr. **Boland**. Thank you.

Bill?

Mr. **Green**. No questions.

Mr. **Boland**. Larry.

Mr. **Coughlin**. Thank you, Mr. Chairman.

I just wanted to welcome Mrs. Noonan from the great State of Pennsylvania. I represent a district that has major asbestos problems not only in the schools but elsewhere.

I know you appreciate the efforts this Subcommittee has made in this area and we are grateful for your testimony today.

Ms. NOONAN. Yes. I do want to note for the record, too, that there may often appear to be in the press some controversy between the school board association and State affiliates of the National Education Association. I believe this is really becoming a cooperative venture on issues where we have mutual concern over the health and safety of children and employees.

That is why I did request that the Pennsylvania School Board Association's analysis of Pennsylvania's issues be included as a supplement to our testimony.

Mr. BOLAND. Thank you very much.

Thank you.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS

ROBERT HOLDEN, NATIONAL RESOURCES RESEARCHER, NCAI

GAIL CHEHAK, NATIONAL RESOURCES COORDINATOR, NCAI

Mr. BOLAND. The Committee welcomes Suzan Shown Harjo. You are a representative of the National Congress of American Indians and you appear here in reference to the EPA and HUD budget.

We are delighted to welcome you.

Ms. HARJO. Thank you. I am the Executive Director of the oldest and largest membership national Indian organization, which was established in 1944 and represents today 139 Indian governments.

I am joined at the table by Robert Holden, who is our National Resources Researcher, and Gail Chehak, who is our National Resources Coordinator.

Mr. BOLAND. Glad to have you all.

Ms. HARJO. We are here to testify on two matters today on HUD's Indian Housing Program, and EPA and what we would like to be their Indian program and what is not.

The housing program is not what we would like. The Administration has proposed three things. One, rescind all fiscal year 1986 appropriations for the 2000 Indian housing units that were authorized; that has happily died. HUD, nonetheless, we understand is going to try to defer building those houses.

The Administration, secondly, in *Administration Newspeak* is proposing to recapture, which means to wipe out 2,000 Indian housing units for which funds have already been appropriated; and the third thing the Administration is proposing to do is to terminate the Indian Housing Program in fiscal year 1987 and replace it with a voucher system which everyone says will not and cannot work.

Even the Administration officials say this and have been quoted publicly saying this. The Bureau of Indian Affairs has estimated that the need in Indian country right now for new housing units is 60,000 units with 30,000 additionally being in need of renovation.

The tribes have an even higher estimate. Navajo, for example, one of about 300 tribes, needs for its reservation alone, 30,000 new housing units.

In 1969 the United States reported to the World Community of Nations in the Commission on Security and Cooperation in Europe's Report on the Helsinki Accords that the Indian people exist virtually at the bottom of every socioeconomic indicator. The Commission report which was called "Fulfilling Our Promises, The United States and the Helsinki Accords," also said that Indian people are the worst housed people in this country, in addition to our high infant mortality rate, having the worst health conditions and health care in this country and having the shortest lives and the lowest per capita income.

That report was in 1979. Conditions have not improved since that time. Today we have houses in need of renovation, in need of repair.

We have raw sewerage running into the drinking water supplies on many reservations and the Federal agencies, three in number which have jurisdiction over Indian housing and sewerage and sanitation on Indian reservations, those being HUD, the Bureau of Indian Affairs, and the Indian Health Service in the Department of Health and Human Services, have problems coordinating and delivering decent sewerage and sanitation services and cooperating with tribes to deliver them in Indian country.

We think that this problem is in part responsible for the epidemic of hepatitis B that exists right now among Alaska natives. It may be one of the reasons that of those incidents of bubonic plague which is supposed to be eradicated in the world that exist in this country, most of which deaths are deaths of Indian people, that this may have something to do with it and may have something to do with our generally low health standard.

We ask this Committee to direct HUD to spend money that has already been appropriated, to avoid the voucher system which they say will not work, which we all know will not work, and to continue to attend to this area of Indian life because it really does mean Indian lives.

We have the highest infant mortality rate in the nation of any identifiable population and we feel that the poor housing conditions has much to do with this.

On the matter of the Environmental Protection Agency, which has an excellent Indian policy statement which was presented publicly in 1984 on the heels of the President's 1983 Indian policy statement, it contains excellent rhetoric.

It has not been backed up by actions. The Indian tribes are told that EPA cannot deal directly with the Indian tribes. In actuality, when it comes to programs, the mandates go to the states only and we need to go to Congress and tell them to give more money to EPA specifically for the Indian tribes.

Yet at the same time, the Administration does not request Congress to provide money for the Indian tribes and in spite of the fact that there are Indian provisions right now in the Superfund Clean Water Act and Safe Drinking Water Act that are working their way through Congress, EPA has declined any opportunity to advise the Committees of the funding needs that are going to be needed for EPA to properly implement those Indian provisions.

The EPA instead provides Congress with a very nice, neatly packaged report about their actions in Indian country which would indicate that those actions are the result of their Indian policy. In fact, they are mostly vaguely related to Indian people and to Indian tribes and to the 50,000 acres of land that Indian tribes have jurisdiction over and the more acreage that we own.

I would call the report disingenuous and I would hope this Committee would direct EPA to deal directly with the Indian tribes to provide estimates of needs in Indian country based upon consultation with Indian tribes and would ask for a report about the specific actions it has taken to implement its own policy of 1984.

One final point on the Environmental Protection Agency. We are as a national organization considered as a state for the purpose of a solar bank program which is funded through HUD. We also operate a program for the Department of Energy and for the Indian tribe which provides information and technical assistance regarding the nuclear waste siting and transportation of highly radioactive nuclear waste. The Environmental Protection Agency claims that it has no jurisdiction in that area and cannot really address the needs of Indian tribes in the matter of the siting and transportation of the waste.

EPA certainly is part of the United States. The United States has a trust obligation and treaty relation and a government-to-government relationship with the Indian tribes. EPA cannot separate itself out of the United States as sharing in that responsibility and those obligations. Whether or not EPA is specifically named under the Nuclear Waste Policy Act of 1982, we feel the EPA should deal with the Indian tribes in this very important matter.

We would like for some indication from the Committee to the EPA that this is an area that begs out for their attention.

One final matter I would like to mention is to follow up on the two past previous witnesses' testimony regarding the shoring up of infrastructure and the municipal bonds under the tax bill.

I just want to make one point. The volume cap based on population really works against the Indian tribes because we number only 1.5 million nationally; while we have, as I said before, jurisdiction over 15 million acres of land. We provide governmental services and this sort of thing to our peoples; there are several hundred Indian reservations.

There may be, say, on Navajo, which is larger than the State of West Virginia, only 150,000 Navajo people. Some reservations, the Papago, for example, have maybe not even half that number of people and their reservation is larger than the State of Connecticut.

The municipal bonding is something that we have just recently gained in 1982—1980 and 1982 in the Indian Intertribal Government Status Act.

That Act was designed to remove certain areas of discrimination in the tax code against Indian tribes, and if we have a municipal bonding scheme that works on population for the Indian tribes, it will put back on another layer of discrimination that we would hope would not be a part of that.

I just offer that for your personal information.

[The statement of Ms. Harjo follows:]

STATEMENT OF SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS, FOR FY1987 HUD AND RELATED AGENCIES BUDGET HEARING BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON HUD AND RELATED AGENCIES, MAY 8, 1986. WASHINGTON, D.C.

On behalf of the National Congress of American Indians, the nation's oldest and largest membership organization representing American Indian and Alaska Native governments and people, thank you for the opportunity to comment on housing and environmental appropriations issues.

HOUSING

We ask that this Subcommittee once again reject the Administration's callous budget proposals regarding Indian housing. There is very little discussion by Administration officials these days about a "safety net". Anyone who believes that the Administration budget proposals provide for a safety net need only to look at the Indian and public housing budgets to see that it does not exist. The Administration has proposed to: 1) rescind all FY1986 appropriations for the 2000 Indian housing units, 2) "recapture" or cancel funds for up to 2000 Indian housing units for which funds have already been appropriated and 3) terminate the Indian housing program in FY'87 and replace it with a voucher system, a system which HUD officials have testified is totally unworkable in Indian country.

With regard to the FY'86 rescission request, we are pleased that Congress has seen fit to let this recommendation die. However, we and others have received disturbing signals from HUD that they may try to defer spending at least a portion of the FY'86 monies for Indian housing even though Congress did not approve the rescission request. HUD has yet to allocate any of its FY1986 Indian housing funds. We would appreciate the Subcommittee's assistance finding out from HUD what is going on with regard to FY1986 funds.

The Administration in late March proposed to initiate an accelerated policy of recapturing up to 2000 Indian housing units. This is in addition to their FY'86 rescission proposal. Recapture is actually a cancellation of Indian housing units in the pipeline at an early stage of development. HUD Indian Housing Director John Meyers based this action on a March 18, 1985 memorandum sent to Indian housing authorities which said that housing units would be recaptured if the development process did not move at a satisfactory rate. Development activities of Indian housing generally do take longer than for public housing because of the required coordination between the tribe, tribal housing authority, builders, contractors, BIA, HUD and IHS. No pattern of tribal delay of development has been shown. We oppose the recapture of Indian housing units except in cases where it is clear that the construction cannot take place. In recent years HUD has recaptured 137 to 179 Indian housing units per year, and so the 2000 unit recapture proposal (which would take place in one year) would be a drastic measure.

We ask that the FY1987 HUD budget allow for continuation of at least 3000 housing units (as contained in H.R. 1, the Housing Act of 1985). We also urge this Subcommittee to include in its FY1987 appropriations bill language which directs any Indian housing units recaptured in FY1987 to be reused for Indian housing projects. Without reus these units are lost to Indian country. There has been a suggestion that any reused units be deducted from the FY1987 housing allocation for the Indian housing program. That is not acceptable to us, and would be a regression in the effort to provide Indian families with decent housing. The BIA estimates that there is a need for 60,000 new housing units and 30,000 units in need of renovation. This is undoubtedly a conservative estimate, as the Navajo Housing Authority estimates a need for 30,000 new houses on the Navajo Nation. That is fifteen times the FY1986 2000 unit allocation for all of Indian country.

The Administration's proposed voucher system will not work in Indian country, an admission openly made by HUD officials. HUD General Deputy Assistant Secretary James Baugh was quoted in the Febrary 8, 1986 Washington Post as saying, "Vouchers don't work at all on an Indian reservation" and in response to questions by Senator Mark Andrews, Mr. Baugh wrote on April 8, 1986, "the voucher system is not expected to work in Indian country. The section 8 voucher system relies on the availability of private rental housing in Indian areas." We urge this Subcommittee and Congress to dismiss out of hand the voucher system for Indian country.

Even though the Administration wans to have only a voucher program for public and Indian housing, it nevertheless is proposing a new system of financing housing construction. It proposes to switch from the current system of financing housing from long-term authority or sale of bonds to up-front appropriations. This financing method was widely discussed when the Internal Revenue Service (IRS) was questioning the legality of public housing bonds to be tax exempt. Even though the IRS evidentually did rule that public housing bonds are tax exempt, the Administration is still proceeding with its proposal of up-front appropriations. While direct payments for housing constructio would be less expensive than long-term authority, a direct financing method would swell the HUD appropriations bill, and we doubt that this would be acceptable to Congress at this time of deficit reduction efforts. People in the private market do not pay up-front money for housing; rather it is amortized over time.

NCAI is pleased that HUD has begun some limited use of native building materials in HUD-assisted housing. We understand that five Southwestern Indian Housing Authorities are using traditional materials such as adobe and stone in 65 units. We urge that the authority to use traditional materials be expanded.

While we are concerned about the numberof federally subsidized housing units that will be constructed in Indian country, we are equally concerned with the costs that Indian families have to pay to keep these houses warm. In recent years a substantial portion of Indian housing units that have been built have been equipped with electric space heating, apparently because of the low front-end cost and without concern for the high operating costs for this heating option. We believe that HUD should be required to adequately evaluate the operating costs of heating systems used in subsidized housing. We believe that the evaluation of heating systems should include a preference for passive solar design, either as a primary heat source or as a way of reducing the operating costs of any other primary heating system. We note that passive solar design can usually be incorporated into single family housing at a modest incremental cost (5 percent or less) and that this modest incremental costs can usually cut heating expenses in half. HUD regulations currently permit an increase in prototype cost to accomodate special conditions, which could include passive solar design.

However, some stronger Congressional directive is needed if passive solar design in Indian housing is ever going to become the standard rather than the exception, and we believe that passive solar should become the standard. A HUD program which could be used to help pay for the incremental cost of incorporating passive solar design into new Indian housing is the Solar Energy and Energy Conservation Bank.

A program which we ask the Subcommittee to support is the Solar Energy and Energy Conservation Bank, commonly known as the Solar Bank. The Solar Bank is a federal assistance program administered by HUD. Assistance is provided in the form of loan subsidies for investments in energy conservation and solar for residential, agricultural and commercial buildings. Matching grants also may be provided to very low-income households for energy conservation. The assistance is distributed through state programs, and the National Congress of American Indians (NCAI) Fund serves as the Indian assistance coordinator. HUD treats the NCAI Fund as a state for purposes of this program. We ask the Subcommittee to approve increased appropriations for this Indian assistance and to take appropriate steps to encourage direct-to-tribe funding system for this program.

When the Solar Bank program was created by Congress in 1980, annual appropriations in the range of $1.5 billion were authorized. Actual appropriations have been less than two percent of this amount. There are no unallocated Solar Bank funds, and the Administration requested no money for this program for FY1987. We believe that Congress should increase its level of support for the Solar Bank. We note that Solar Bank assistance is only available for investments that are cost-effective, but that many low-income and moderate-income families cannot afford them, regardless of their cost-effectiveness. In Indian country, there are several thousand federally-subsidized housing units that were built with electric resistance heat as the primary heating system. Solar Bank assistance is an appropriate way to leverage private funds to lower the heating costs for these units through conservation and solar retrofit investments.

We believe that in evaluating the cost-effectiveness of the Solar Bank program, the Congress should direct attention to the high level of federal subsidies for nuclear electric power. In 1984, federal subsidies for nuclear electric, both direct and indirect, totaled more than $15.5 billion, with some significant factors not included (See Heede, et al., The Hidden Costs of Energy: How Taxpayers Subsidize Energy Production, Center for Renewable Resources, 1985.)

ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency (EPA) finally established an Indian policy, "EPA Policy for the Administration of Environmental Programs on Indian Reservations", in November of 1984. NCAI recognizes that EPA is the only federal agency to set forth a policy consistent with the overall Federal position of support of Tribal "self-government" and "government to government" relations between Federal and Tribal governments. This general Federal policy was articulated in the President's September 1983 Indian Policy Statement. We commend the EPA for establishing such a policy. However, that Agency has never asked Congress for an appropriation for tribal governments. We find EPA's commitment to fully implementing its Indian Policy questionable since adequate funding is absolutely essential to the development of tribal environmental programs.

American Indian and Alaska Native peoples, representing the environmental conscience of the nation by their cultures, religions and philosophies have, in practice, been all but ignored by the EPA regarding assistance and resources to rehabilitate and protect our land. While EPA's Indian Policy Statement is certainly a positive step, it is nothing more than rhetoric if not accompanied by proper funding.

The 274 federally recognized Indian Tribes have jurisdiction over nearly 50 million acres, or more than three percent of the nation's land base. Tribal governments have jurisdiction over 43,410,186 acres of rangeland and forests, 1,829,118 acres of dry farmland, 917,580 acres of irrigation farmland, 913,000 acres of water reservoirs and lakes, 45,352 reservoirs and impoundments, 3,199 natural lakes and ponds and 12,000 miles of perennial streams. Certainly the EPA should be willing to spend proportionately as much protecting reservation environments as it does protecting the rest of the nation's environment. This is an equitable and just request.

Indian tribes and national tribal organizations have sought amendments to the Safe Drinking Water, Clean Water and Superfund Acts which recognize the proper authority of Indian Tribal Governments to regulate and enforce environmental standards on Indian lands. These amendments would afford tribal governments their proper role of participation in the federal regulatory framework in a manner consistent with the EPA Indian Policy, inherent tribal sovereign powers and existing federal law and policy. The conferences are nearly complete on Superfund, Clean Water and Safe Drinking Water legislation, and in each case language has been approved to ensure tribal participation in those Acts. It is, therefore, critical at this time for this Subcommittee to ensure that Indian tribal governments have the environmental protection support equal to and consistent with the rest of the nation.

Last year, tribal representatives presented testimony recommending that appropriations be earmarked for technical assistance and the expansion of staff resources to assist with the development of tribal environmental programs on Indian lands. While Congress did not approve an Indian set-aside, this Subcommittee did include the following directive language:

> "This Committee does feel that current levels of assistance clearly do not adequately address many serious and demonstrable problems confronting these semi-autonomous areas. The Committee, therefore, expects the Agency to make a concerted effort to impose in this respect within funds contained in appropriations bill." (emphasis added)

While the Senate directive for FY1986 is appreciated, it should be pointed out that the EPA has demonstrated only limited initiatives on behalf of the American Indian and Alaska natives. The EPA Indian Policy will be exercised to its full potential only when funds are provided expressly for the purpose of developing and enhancing Indian environmental programs.

A major obstacle for Tribal Governments seeking funding for environmental programs has been the virtual nonexistance of baseline data which accurately identifies the environmental problems and needs on Indian land. None of the agencies, including the EPA, The Bureau of Indian Affairs and the Indian Health Service, has this comprehensive data. Language in the Indian amendments to the Safe Drinking Water Act and

Superfund and Clean Water Act directs EPA and Indian Health Service to conduct surveys which identify drinking water problems and hazardous waste sites on Indian reservations. In turn, these surveys should also identify adequate funding levels to properly address and document Tribal environmental needs, needs which we know are enormou

Approporiations targeted for Tribal Governments to begin implementing environmental programs in FY1987 are needed for the expansion of EPA staff resources to deal exclusively with Indian environmental issues at both the central and regional offices. The National Congress of American Indians requests that the Subcommittee approve $10 million to conduct environmental needs surveys as will be required by the Clean Water, Safe Drinking Water and Superfund amendments and $5 million for expansion of EPA staff resources and technical assistance to tribes.

Mr. Chairman, we thank you for this opportunity to present our views. We will pleased to answer any questions at this time.

Mr. **Boland**. Good. That last comment will be a matter, of course, that would be handled in another Committee.

Ms. **Harjo**. Absolutely.

Mr. **Boland**. Thank you, Suzan. I think you have a very fine statement and I think your reference to the fact the voucher system cannot and will not work on Indian reservations is correct. That is not only your testimony, it is the testimony of Assistant Secretary of the Department of Housing and Urban Development.

As you have indicated, the recommendation for rescissions on Indian housing expired the 45 day period without this Committee or the Congress approving the rescission. The matter of Indian housing is part of the $2.3 billion deferral that the Administration is requesting in Housing, and this Committee and the full Appropriations Committee did not approve that. It is in the supplemental bill. As you know, that resolution would have to be approved by the Administration in order to be effective. I don't think you are going to get any approval down on the other end of the street. I don't think, depending upon the kind of supplemental appropriation bill that goes down to the White House and whether or not there are particular items in there that appeal to them, whether they might possibly sign the bill.

In any event, that matter of deferral is really up in the air.

Thank you very much for your statement.

Bill?

Mr. **Green**. I have no questions.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

JOE TALLAKSON, PACIFIC NORTHWEST INDIAN TRIBAL GOVERNMENTS

Mr. **Boland**. Joe Tallakson, glad to have you here.

You are from the Pacific Northwest Indian Tribal Governments.

Mr. **Tallakson**. I represent selected Indian governments, and appear before your Subcommittee representing the Lummi, Quileute, Quinault, Squaxin Island and Suquamish Indian Tribal governments.

This is the fourth year we have appeared before your Subcommittee, these tribal governments, regarding the Environmental Protection Agency itself.

The EPA, as everyone else has said, established an Indian policy in 1984. Unfortunately, that policy is rather hollow because there are no activities behind it.

The EPA came out with a report *EPA Activities on Indian Reservations: FY 1985,* claiming to have spent $5.7 million on Indian reservations on activities that relate to environmental conditions on Indian reservations. Unfortunately, the term "relate" should have been prefaced by "remotely."

Under the Freedom of Information Act, I received a response on April 30th of this year of the number of grants EPA has given to Indian tribal governments. They responded that 14 tribal governments received 19 grants totalling $314,244. That is a pretty lame program, Mr. Chairman.

I conclude that EPA also stated in their letter to us, given the current budgetary situation, we expect this progress to be slow in terms of working with Indian tribes. With all due respect, I am not asking for further funds, but asking that there be an earmark from abatement control compliance of $1 million or 20 FTEs to begin to employ Indian related employees in the Environmental Protection Agency, and $10 million for grants to Indian tribes for them to begin working and developing their own environmental protection programs.

You have seen the advertisement on T.V. of Iron Eyes Cody crying at the environment, and others where the American Indian people represent the environmental conscience of the nation. We can understand the logic behind that advertisement. It takes a lot of chutzpah for the Agency, though, to use Iron Eyes Cody on T.V. and not provide any support for Indian tribes directly.

I have listed what the tribes would do in the Pacific Northwest given some appropriation for EPA and have included some language that you might consider.

Thank you, Mr. Chairman, for your time.

[The statement of Mr. Tallakson follows:]

SENSE INC.

Testimony By Joe Tallakson
Representing Selected Northwest Indian
Tribal Governments Before the House
Appropriations Subcommittee on HUD-
Independent Agencies Regarding FY87
EPA Appropriations for American Indian Tribes
May 8, 1986

I appreciate the opportunity to again provide testimony regarding appropriations for the Environmental Protection Agency before this appropriations subcommittee representing the concerns of the Lummi, Quileute, Quinault, Squaxin Island, and Suquamish Indian Tribal governments located in Western Washington State. The 274 Federally-recognized Indian Tribes, nationwide, have jurisdictional responsibility for approximately 50 million acres offland or three percent of America's land base. Yet, EPA has requested no specific appropriations in FY87 to assist Tribal governments address their environmental concerns.

The EPA finally adopted an Indian Policy in November 1984. Tribal representatives provided testimony last year recommending a specific appropriations earmark to require the EPA to begin to seriously target financial and staff resources to Indian Tribal government. The Congress did not provide an Indian Tribal set-aside; however, this subcommittee included instructive language to conduct "a national survey of environmental conditions and potential needs on Indian lands" and "views this assessment as a high priority" with a completion date set for June, 1986. Also, this subcommittee urged the formation of an Indian legislative group "to evaluate the interrelationships between the Federal Government, the States, the Indian Tribes and the need for changes in EPA statutes."

We appreciate this House directive for FY 86, the Senate subcommittee concurrence, and their added expectations that the EPA "make a concerted effort to improve" its current levels of assistance .... Unfortunately, the EPA has exhibited only limited and sporadic initiatives on behalf of American Indian Tribal interests. A nationwide survey has been initiated which, by its very content, will generate limited information regarding the House directive for "environmental conditions and potential needs on Indian lands." The Indian legislative group has not actively sought representation of Tribal leadership. And, in an April 30, 1986 response to a Freedom of Information Act request to document direct funding to Indian Tribal governments from October 1, 1986 through March 31, 1986 the EPA lamely responded: "Given the current budgetary situation, we expect this progress to be slow." EPA documented a total of 19 grants to 14 Tribal governments totally $314,244. Three grants to two Inter-Tribal consortia totalled $77,844. Certainly a miserable representation of EPA Indian Policy implementation.

The EPA published EPA Activities on Indian Reservations: FY 85 claiming with graphs, charts, and bureaucratic rhetoric to have spent $5.7 million and 38 workyears "on activities that relate to environmental conditions on Indian reservations." The term "relate" should have been prefaced by "remotely." The "activities" documented in the report were generally agency actions with minimal Tribal government participation.

We conclude that the EPA will only be prodded into meaningful programmatic activities for American Indian people when funds are provided expressly for that purpose. Otherwise, the same feeble, tentative support for the Indian Policy will continue. Draft subcommittee report language is enclosed for your consideration which would earmark from the EPA Abatement, Control, and Compliance program 1 million and 20 FTE for headquarters and regional office coordination/implementation of the EPA Indian Policy; $10 million for grants to American Indian Tribes and tribal organizations to assist Tribes in meeting their environmental responsibilities, specific amounts within these funds for technical assistance, forestry/fishery-related water quality studies, and clean lakes projects; and, directs the EPA Administrator to conduct a study coordinated with the Indian Health Service to determine Tribal water supply and water treatment facilities in compliance with minimum Federal standards.

American Indian people, representing the environmental conscience of the nation by their cultures, religions, and philosophies, have been virtually ignored by the EPA regarding assistance and resources to rehabilitate and protect their land and natural resources. We are not talking about minor hamlets, but a collective land base by EPA's own estimation that is larger than the combined area of the States of Maryland, New Jersey, Connecticut, Massachusetts, Vermont, New Hampshire, and Maine. This includes:

- 43,410,186 acres of rangeland and forests
- 1,829,118 acres of dry farmland
- 917,580 acres of irrigation farmland
- 913,000 acres of water reservoirs and lakes
- 3,199 natural lakes and ponds
- 12,000 miles of perennial streams

As Tribal governments are beginning major economic and natural resource development initiatives, their environmental needs are growing proportionately.

Although State governments have well established environmental programs, State governments are a most inappropriate mechanism for addressing Tribal needs. States have shown neither the inclination nor willingness to assist Tribes. Due to historical jurisdictional conflicts with States, Tribal governments deal directly through the Federal system. Unfortunately, the new Federalism block grants to States favored by this administration consistently ignores Indian tribes. Due to the sovereign status of Tribal governments and their treaty trust relationships with the United States, the EPA must deal directly with Indian Tribes and their environmental concerns.

Given an EPA appropriations earmarked for Tribal governments in FY87, the Pacific Northwest Tribal governments I represent would seek EPA resources to rehabilitate or protect spawning habitats for their anadramous salmon fisheries and monitor developments impacting their fisheries resources. Specifically, these Tribal governments request appropriations to implement their own environmental initiatives briefly described as follows:

LUMMI INDIAN TRIBE

The Lummi Indian Tribe, located on the Pacific Coast approximately 100 miles North of Seattle, currently operates the largest American Indian fishing fleet in North America. The reservation borders major commercial ocean shipping lanes creating potential ecological damage due to accidents or spillage. The watershed areas are threatened by commercial, residential, and recreational development.

The Lummi Fisheries Department currently operates an environmental review in conjunction with their fisheries enhancement efforts. Four fisheries biologists, a paralegal advisor, and technical support staff will be employed to study the Nooksack Basin watershed for fine sediment levels harmful to spawning gravel beds; review Federal, State, and local development permits; monitor forest logging practices in the watershed areas; and, serve as a Tribal linkage to city/county zoning decisions and agencies responsible for long-range planning.

Due to development activities in the area, the Tribe is particularly concerned with stream stability as studies have indicated that channel shifting and scouring are problems on many spawning streams. Further studies are planned to determine mortality on eggs within gravel beds due to shifting and fine sediment. Rearing habitat studies to establish baselines for measuring future change will be implemented including temperature levels and lowflow conditions. Salmon survey data is needed for many streams in the Nooksack Basin and research will be necessary to revitalize the depleted Spring chinook stock. The Lummi fisheries Department also plans saltwater studies on herring populations to aid in harvest management as well as marine quality monitoring in Bellingham Bay with emphasis on mercury contamination of crab and bottom fish tissue. Project Cost: $510,000

QUILEUTE INDIAN TRIBE

The Quileute Indian Tribe, located at the mouth of the Quileute River on the Pacific Coast of the Olympic Peninsula, manages a natural river harbor for commercial ocean fisheries. With major reliance on a terminal net fishery, the Tribe is particularly concerned with logging and road building practices within the watershed.

A fisheries biologist will be employed to review and advise Tribal leadership on Federal/State and local permit applications, develop a working relationship with logging companies operating within the watershed area,and coordinate dialogue with Federal, State, and private organizations. Three existing U.S.G.S river gaging stations, closed by budget cuts, would be reactivated and managed by U.S.G.S. on a cost-sharing basis. Water quality monitoring would be undertaken to maintain baseline data with field analysis immediately available in case of emergency. An instream flow study utilizing State-of-the-Art technology will be initiated. And, due to the increasing number of small hydro-electric proposals in the area, minimum flow standards will be established for the river system in conjunction with the instream flow study to protect the fish habitat.
Project Cost: $75,000

QUINAULT INDIAN NATION

The Quinault Indian Tribe, situated on the Olympic Peninsula bordering the Pacific Ocean, is responsible for four river systems on the reservation and several other rivers and watersheds in their usual and accustomed fishing areas. Extensive uncontrolled logging in this rain forest area and mismanaged logging over the past four decades on the reservation have created log jams and exposed habitat areas extremely damaging to native salmon stock spawning. The clearcutting practice on reservation has aggravated natural mildly acidic stream conditions creating a severe fish enhancement problem. The Grays Harbor Area in the Quinault usual and accustomed watershed is exposed to residential/commercial development, logging, coal mining, and industrialization.

The Quinault Tribe plans to employ a hydrologist, fish biologist, forester and support staff to investigate and identify water quality problems in the habitat area; enforce the Tribes recently enacted Forest Practices Act; study the effects of slash burning on water quality; and, determine the potential utilization of limestone or oyster shells for water acidity abatement. Two contracts will be let to clear logging residue on the Raft River and study the effects of herbicides, including Round-up, Garlon, and 24D on aquatic and terrestial wildlife in the unique Quinault rain forest environment. Project Cost: $350,000

SQUAXIN ISLAND TRIBE

The Squaxin Island Tribe owns an island in South Puget mainland. Commercial development on the mainland and in the waterways near the island and small tributaries present increasing potential degradation to water quality impacting commercial oyster production and harvest as well as the treaty watershed areas. The Washington State Department of Social and Health Services, in fact, has decertified selected beaches due to bacteria from human waste generated from boaters utilizing an adjacent State Park with inadequate restroom facilities.

The Squaxin Island Indian Tribe will employ an environmental coordinator and technical support staff to update and establish resource management plans; plan, supervise, and conduct baseline environmental data collection; implement a monitoring plan to measure resource quality; review proposed Federal, State, County, and local government development plans as well as pertinent permit applications and Environmental Impact Statements; and develop guidelines and negotiate improvements for the adjacent State Park. Project Cost: $100,000

SUQUAMISH TRIBE

The Suquamish Tribe, located on the East side of the Kitsap Peninsual in Puget Sound, has the largest usual and accustomed fishing area of any Tribe in Washington State. Although the Tribe has made extensive gains in enhancement, there is a growing concern that these gains will be offset in the future by preventable environmental degradation.

An environmental biologist will be employed to analyze pertinent watersheds and habitat, monitor stream flow and water quality for area streams as well as compiling data on spawning and rearing habitat within each watershed in the Tribal exclusive fishing area. The biologist will review planned development/ construction projects in the watershed, determine the impact on the habitat, and advise the Tribal leadership. This staff-person would also be responsible for coordinating escapement data on salmon and steelhead stocks returning to area streams. Project Cost: $50,000

CONCLUSION

We advise that incremental assistance be provided to all Tribes in the ensuing years to assist in establishing effective environmental programs. Immediate assistance, as outlined in the proposed projects and proposed report language, should be made available to American Indian Tribes beginning in FY87. At the very least, Congress should instruct the EPA to allocate resources to ensure that reservation lands are given comparable environmental protection as the rest of the nation.

The proposed report language identifying $1 million and 20 FTE's, $10 million for Tribal grants, and an EPA/IHS study of water quality minimum standard compliance is attached for subcommittee consideration.

The Committee instructs the EPA to earmark appropriations from the Abatement, Control, and Compliance program to begin implementing the established American Indian Policy with EPA staff, technical assistance, and grant programs to assist Tribal governments as follows:

SALARIES AND EXPENSES

" $1,000,000 and 20 FTE to be divided between headquarters and regional offices for coordination and implementation of the EPA Indian Policy."

ABATEMENT, CONTROL AND COMPLIANCE

" $10,000,000 for grants to American Indian Tribes and tribal organizations to assist Tribes in meeting their environmental responsibilities, consistent with the EPA Indian Policy. In providing such assistance, EPA should emphasize tribal planning, tribal pilot projects, tribal program development, and technical assistance to tribal governments. These activities should involve all EPA media programs, including tribal 208 water quality management planning, section 103 and 105 air program grants, clean lakes program grants and pesticide applicator certification and enforcement grants. In providing such assistance to Tribes, EPA should exercise flexibility in making multimedia and interdisciplinary grants to Tribes, especially where this is appropriate to the small scale institutions found on many reservations."

Of these funds, at least $1,500,000 should be used to provide technical assistance to Tribes for developing tribal institutions, at least $1,500,000 should be used to fund tribal forestry-and fishery-related water quality studies, and at least $1,500,000 to complete tribal clean lakes projects.

The Committee also instructs the Administrator to undertake a study in coordination with the Indian Health Service, evaluating Tribal needs as required to permit compliance of tribal water supply and water treatment facilities with minimum federal standards. This study is to be submitted to the Congress within 18 months.

The Committee notes that the authorizing Committees of both the House and Senate have adopted (or have under consideration) amendments to the CERCLA, Clean Water and Safe Drinking Water Acts which call for the Administration to conduct surveys and inventories of Tribal needs under those Acts.

Mr. BOLAND. Thank you very much. This is your fourth appearance?

Mr. TALLAKSON. For the tribal governments. I appeared the second time with the tribal leaders.

Mr. BOLAND. Did it produce any results?

Mr. TALLAKSON. Your Committee asked to make a more concerted effort this year and as I said, on my Freedom of Information Act request, I asked how many grants went to tribal governments. Only 314,000 went in the first six months of this fiscal year. Out of 274 federally recognized Indian tribes, 14 received some assistance.

EPA can claim to do many, many things, but until tribal governments themselves begin to actively protect their environment, it is really not helpful.

Mr. BOLAND. Thank you very much. Glad to have you.

ENVIRONMENTAL PROTECTION AGENCY

WITNESSES

THOMAS CURTIS, STAFF DIRECTOR, NATIONAL GOVERNORS ASSOCIATION, ENERGY AND ENVIRONMENT COMMITTEE

DON THEILER, STAFF DIRECTOR, WISCONSIN AIR MANAGEMENT PROGRAM, DEPARTMENT OF NATURAL RESOURCES, REPRESENTING THE STATE AND TERRITORIAL AIR POLLUTION PROGRAM ADMINISTRATORS AND THE ASSOCIATION OF LOCAL AIR POLLUTION CONTROL OFFICIALS

DELBERT RECTOR, CHIEF, HAZARDOUS WASTE DIVISION, MICHIGAN DEPARTMENT OF NATURAL RESOURCES

ROBBI J. SAVAGE, EXECUTIVE DIRECTOR/SECRETARY-TREASURER, ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS

LYMAN WIBLE, STATE OF WISCONSIN

Mr. BOLAND. Again on the EPA, we have an alphabet here.

Who is the spokesman?

Mr. CURTIS. We all will.

My name is Thomas Curtis. I am Staff Director of the National Governors Association, Energy and Environment Committee. I am here this morning on behalf of the Governor, Anthony Earl, who chairs that Committee, and in place of Mr. Ken Hagg, who unfortunately missed a plane this morning and was unable to appear.

I would like to speak very briefly.

I am here with my colleagues from the State and Territorial Air Pollution Program Administrators, the Association of State and Interstate Water Pollution Control Officials, and the Association of State and Territorial Solid Waste Management Officials.

I would like to introduce just for the record, if I may, and just speak very briefly, and then turn to my colleagues for some remarks.

Very briefly, Mr. Chairman, NGA appreciates the very serious budgetary situation facing the country today. Each of the Governors has to deal with his own budgetary situation, of course, in his state. Collectively all the Governors have talked about the Federal problem and have recommended that the Congress enact an across-the-board freeze on non-defense discretionary programs including many programs which are very important to states. Among those are environmental programs.

Mr. **Boland**. Don't hold your breath on that one.

Mr. **Curtis**. I am not here to push that. It not only goes outside the scope of this immediate hearing, but goes well beyond what may be realistic, I guess, in today's world.

The Governors have a sense it is important to control Federal spending. I think the significant point is that in advocating a freeze, they essentially recognize the critical importance of many governmental functions, including environmental protection and recommend that those programs not be cut below last year's level.

So while we are willing to forego an increase and don't come before you this morning asking for more funds, we also ask that support for these important programs not be reduced from last year's level.

We noted with great satisfaction that the President in his request has recognized the increased workload that has been placed on state hazardous waste management agencies and programs and his request does reflect an increase of some $10 million for those programs.

Unfortunately, it comes at the expense of other state environmental efforts. We do not feel it is appropriate to cannibalize other environmental protection efforts to more adequately support the effort in hazardous waste. We would ask for your support to make sure the air and water programs particularly are not jeopardized in order to make up for some of the extra support that is needed in the hazardous waste issue.

So, briefly, the statement contains a summary of a fiscal year 1986 survey of states, fiscal conditions that the Governors and the Association of State Budget Officers have just released.

It shows that more than a third of the states have cut previously enacted budgets in this fiscal year. More states, we believe, will have to cut previously enacted budgets in the final months of this year.

The states' fiscal condition is not good. The aggregate balance in state budgets this year is 1.6 percent, according to our estimate. That compares to a level of 5 percent that the bonding houses on Wall Street where states need to go to finance many of their activities would consider prudent.

So we are skating on thin ice, so to speak, in that sense. Of course, those states that are dependent on extractive industries, mining and oil and so forth, are extremely hard hit, as you know.

Finally, we would just ask you to keep in mind the important new initiatives that we need to engage in in the coming years. We see another two decades of hard work ahead of us in efforts to protect groundwater, to control toxics, of course, to protect surface water quality and air quality.

The states are willing to do their part and we believe that our success is instrumental to meeting the broad national commitment to protecting the environmental quality and the health of our citizens.

So we stand ready to do our share and appreciate your past support for state environmental programs and hope that you can find your way to continue supporting these programs at least at last year's levels.

[The statement of Mr. Hagg follows:]

National Governors' Association

Lamar Alexander
Governor of Tennessee
Chairman

Raymond C. Scheppach
Executive Director

TESTIMONY OF

MR. KENNETH HAGG

DEPUTY COMMISSIONER

MASSACHUSETTS DEPARTMENT OF ENVIRONMENTAL QUALITY ENGINEERING

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE

ON HUD-INDEPENDENT AGENCIES

APRIL 29, 1986

HALL OF THE STATES · 444 North Capitol Street · Washington, D.C. 20001-1572 · (202) 624-5300

Mr. Chairman, members of the Subcommittee, I appreciate the opportunity to appear before you this morning on behalf of Governor Anthony S. Earl, Chairman of the National Governors' Association Committee on Energy and Environment. With me today are representatives of the associations of state air, water, and hazardous waste management officials. They will provide you with an assessment of what the proposed EPA budget means for their specific programs. I would like to address the EPA's state program budget in broad terms, and express the governors' strong recommendation that the funds made available to state agencies not be reduced below FY 1986 levels.

The Governors understand the dimensions of the budget problems facing the country today, and have adopted specific recommendations for reducing the federal deficit. Reflecting their concerns, the Governors have approved a budget policy advocating a freeze at this year's level of the non-defense discretionary portion of the budget which, includes environmental regulation. This recommendation reflects the Governors' belief that public health and environmental protection are among the most important priorities of government, and should not be subjected to reductions.

We have noted with satisfaction that the President's request recognizes the greatly increased workload placed on state hazardous waste agencies as the result of the 1984 RCRA amendments. We encourage you to provide at least the additional $10 million the President has requested for state hazardous waste management programs. However, we strongly oppose cutting any other state environmental program in order to adequately fund the hazardous waste effort. We believe the President's request has the effect of inappropriately cannibalizing state water programs, with unfortunate consequences as the 1988 municipal compliance deadline approaches. We urge you to provide each of the state management programs a level of support at least equal to last year's, with increases for waste or other programs where necessitated by increased federal requirements on states.

In making your decisions about the level of EPA support in the coming fiscal year, it is important to keep several facts in perspective. Perhaps most important, state environmental agencies are the delivery arm for most of the nation's environmental protection programs. It is the states which actually implement environmental programs, and in the words of the EPA's Task Force on Federal-State Relations, "If the states do not succeed out on the front lines, EPA cannot succeed." The significant point is that EPA's state program grants do not represent grants in the usual use of that term. Rather, they represent the purchase of required environmental protection services in a form and manner mandated by the federal government. We believe these state grants represent the most efficient and cost effective way of delivering environmental protection and protecting public health.

A second important fact is that in real terms the level of federal support for state programs has declined significantly in recent years. We estimate that the Administration's fiscal 1987 request for state programs represents more than a 65 percent decrease in real terms since 1975. During that time period, states have been asked to implement several new programs including hazardous waste regulation, toxic waste cleanup, auto inspection and maintenance, and enforcement of the Safe Drinking Water Act -- on top of the existing understaffed programs.

In the past several years, we have made management improvements in our programs, and any further cuts would require major program reductions. In the Governors' view, we simply cannot absorb any further reductions without endangering these programs. I believe that in the face of continuing reductions in federal support, states could be forced to reduce efforts; interstate consistency and program quality may suffer; and innovative approaches for controlling pollution, which are more expensive for states but can be much less expensive for business, may have to be shelved.

It is also important to reject the notion that states can make up for reductions in federal support. The simple truth is that they cannot. The preliminary results of a survey conducted by National Governors' Association and the National Association of State Budget Officers show that aggregate state budget surpluses in fiscal 1987 will be extremely low -- just 1.6 percent of total state expenditures. This is considerably below the 5 percent considered prudent by Wall Street bond and investment houses. In FY 1986, 17 states have cut previously enacted budgets. Conditions are especially difficult in those states which rely upon farming or extractive industries such as oil and mining. The fiscal outlook for most states remains guarded, and few states are able to recommend new spending initiatives or increase spending to make up for federal cuts.

While some states might be able to replace federal support, many cannot. There are national environmental laws because protecting the environment and public health is in the national interest. Activities that in one state can affect the environment in another. There is industrial competition from state to state and region to region. Each state should have the means to conduct a minimally effective regulatory program. Adequate federal fundings for these programs is a prerequisite to at least a minimum program across the nation.

The Governors also believe that permit fees can account for only a small part of environmental program funding. In the majority of states that collect permit fees for environmental programs, the revenues are deposited in the general fund. In most states, it has historically been considered good public policy to place such revenues in the general fund to avoid the appearance of conflict of interest between regulators and pollution sources. According to a 1982 study of state environmental programs conducted by National Governors' Association, about 21 states and territories charge for air quality permits, but in only 10 are the funds available to the permitting agency. While 22 states and territories have water quality permit fees, only 9 states make them available to the permitting agency; and only 7 hazardous waste agencies collect and keep permit fees even though 18 agencies collect them. In addition, permit fees generally account for less than 10 percent of an agency's program funds.

Finally, I believe it is very important to keep in mind the number of new environmental protection issues that will need attention in the future, including ground water protection, controlling nonpoint sources of water pollutants, acid rain, and toxics in all environmental media. Controlling contaminants in groundwater, especially in drinking water supplies, will be a major new responsibility for the EPA and states under terms of the Safe Drinking Water conference agreement. Many of these new program initiatives are not currently funded. In the absence of additional federal support beyond current levels, most states simply will not be able to meet these new challenges.

Mr. Chairman, I know your task is a difficult one. The Governors, too, must wrestle with these difficult budget decisions. But our sense is very strong that we cannot meet the challenge by reducing the support for state environmental programs. We will need another two decades of sustained work to achieve air and water quality standards, reduce acid rain, clean up thousands of hazardous waste sites, and reduce toxic discharges into our air and water and on our land. The states are prepared to do their share, and with continued federal support we are confident of ulitmate victory in the battle to protect environmental qualty and public health.

Mr. BOLAND. What is the relationship of the Conference of Governors with relationship to your organization?

Mr. CURTIS. It is the same thing. The name was changed several years ago.

Mr. BOLAND. All right. Who is up now?

Mr. THEILER. I guess I am. Mr. Chairman, I am Don Theiler. I am the Staff Director of the Wisconsin Air Management Program, the Department of Natural Resources.

Today I am representing the State and Territorial Air Pollution Program Administrators, STAPPA, and the Association of Local Air Pollution Control Officials, ALAPCO.

We are a great contributor to the alphabet soup. I would like to recognize and thank you for your past support for a strong air program in the country. Also, while I am in the thanking mode, I would like to recognize your support for H.R. 4567, the new acid rain legislation that is currently before the House. That is an important element in our program.

Much of the testimony you have heard in recent days has been designed to show the importance of the program involved and the need for additional funding. You will hear some of that same from me as well, but first I want to tell you STAPPA and ALAPCO support the President's proposed budget request of $95 million for grants in fiscal year 1987.

It is not easy to support this decrease in our funding, but the members of STAPPA and ALAPCO acknowledge the President's efforts to develop an equitable budget and the efforts of both the Administration and Congress to reduce the size of the Federal deficit. From your perspective, this may be the most important point in my presentation.

From our perspective, it is also important that you understand the size of the air quality task ahead of us and the future resource needs if we are to be successful. With regard to purchasing power, our agencies have experienced a 21 percent decrease in the Federal contribution since 1972.

In spite of this effective decrease we have developed and implemented control plans for the most common pollutants in many areas.

We have also taken on new Federal programs such as the new source performance standards and prevention of significant deterioration, et cetera, et cetera, and in many cases we develop and initiated needed control programs where Federal leadership has been lacking.

I have already pointed out acid rain. This is also especially true in the development of toxic or hazardous emission control programs. This includes an item you were discussing earlier, the overview of the asbestos demolition and removal programs. Our agencies oversee those efforts. We have developed, as a result of this activity, more healthful air quality in the country nationwide. Between 1978 and 1984, as my testimony points out, the number of unhealthful areas has been reduced substantially.

However, we have much to do with regard to these common criteria pollutants. The vast majority of our major metropolitan areas will continue to experience unacceptable levels of air quality past 1987. We need to do much more work in this area.

Also, we would just mention the criteria pollutants have been controlled, however, we must maintain the effort and insure against backsliding.

In addition, we have got an even greater set of hurdles immediately ahead of us. We must take additional action to limit atmospheric emissions and maintain toxic compounds at safe levels.

The size of that task alone is almost overwhelming. In many cases we don't even know what level can be considered safe. Also, indoor air pollution is another extremely important area that must be addressed. The ever present resource requirement of acid rain control is recognized as well.

None of what has been accomplished has been easy and the hardest is still ahead. We are not sitting idle bemoaning our fate until Federal monies are increased. Many of us either have developed or are developing fee programs to mitigate our losses.

It must be recognized, however, that a state or local agency's ability to compensate for decreased funding and lost purchasing power is limited. While we will continue to do the best we can with what is available, there is an increasing gap between what the public expects from our agencies and what these agencies can deliver. However, as both citizens and responsible government officials, we recognize the need to make sacrifices to reduce our nation's deficit.

We, therefore, support the President's request for $95 million to fund state and local air pollution control programs and ask you to remember our efforts in your future budget deliberations. Thank you for this opportunity to testify and I would try to answer any questions you have.

[The statement of Mr. Theiler follows:]

Testimony of Donald Theiler
Director, Wisconsin Bureau of Air Management
on behalf of the
State and Territorial Air Pollution Program Administrators
and the
Association of Local Air Pollution Control Officials
before the
House Appropriations Subcommittee on HUD-Independent Agencies
May 8, 1986

Mr. Chairman, members of the Subcommittee, my name is Donald Theiler and I am the Director of the Wisconsin Bureau of Air Management. I appear before you today on behalf of the State and Territorial Air Pollution Program Administrators (STAPPA), where I currently serve as Chairman of the association's Funding Committee and as a member of the Board of Directors, and the Association of Local Air Pollution Control Officials (ALAPCO). STAPPA and ALAPCO are the national associations of air pollution control agencies in the 54 states and territories and more than 150 major metropolitan areas, whose members are responsible for implementing our nation's air pollution control laws and regulations. I am grateful for this opportunity to present the associations' views on the Environmental Protection Agency's federal budget request for FY 1987 and, in particular, on the amount requested for state and local air agencies under Section 105 of the Clean Air Act.

STAPPA and ALAPCO support the President's proposed budget request of $95 million for grants in FY 1987 to state and local air pollution control agencies under Section 105 of the Clean Air Act. This level of funding will make effective management of some state and local air pollution programs difficult, but the members of STAPPA and ALAPCO acknowledge the President's efforts to develop an equitable budget and the efforts of both the Administration and Congress to reduce the size of the federal deficit.

Federal grants provide approximately one-third of the total funding of state and local air pollution control agencies. The FY 1987 federal budget request is, in actual dollars, $700,000 less than the amount state and local agencies received from Congress in FY 1986. This reduction continues the erosion of federal funding that has occurred over the past decade.

Since the Clean Air Act was last revised in 1977, federal support has not only failed to keep pace with inflation but, in terms of real dollars, has declined by over 20 percent. This has occurred in spite of the fact that state and local agencies have taken on considerable new responsibilities since the act was last amended. These have ranged from implementing federally-delegated programs for New Source Performance Standards, Prevention of Significant Deterioration and hazardous pollutants to developing and enforcing State Implementation Plans for the various criteria pollutants. In effect, state and local air pollution control agencies are charged with implementing programs to meet today's needs with a federal funding level (in real dollars) less than that of 1972. To illustrate these points, attached to this statement are tables (1) listing many of the the responsibilities that state and local agencies have assumed since the Clean Air Act was passed and (2) detailing federal and non-federal funding of state and local air pollution control programs in terms of actual and real dollars since FY 1972.

In spite of budgetary constraints, state and local air agencies have made tremendous achievements under the Clean Air Act in improving the quality of our nation's air. The number of areas exceeding the health-based air quality standards for criteria pollutants has decreased significantly. According to a June 1985 EPA report (State and Local Air Program Resources Study), between 1978-1984, the number of nonattainment areas has been reduced by (1) 25 percent for particulates, (2) 35 percent for sulfur dioxide, (3) 27 percent for carbon monoxide, (4) 35 percent for ozone and (5) 67 percent for nitrogen dioxide. In addition, the concentrations of these pollutants in the remaining nonattainment areas appear to be on the decline.

While we are proud of these and other successes, we must remain diligent in our efforts to maintain these achievements. Air quality improvements occur primarily by limiting the rate at which pollutants are emitted into the atmosphere. Without continuing oversight and enforcement, control efforts deteriorate and past gains are not maintained. Prudent use of precious funds can make maintenance of past gains possible in the short run, but important problems still remain and new ones constantly emerge to challenge us.

Despite the progress we have made in improving the quality of our ambient air, millions of people are still exposed to unhealthy levels of pollutants. We continue to face a ubiquitous ozone problem. Roughly 35 cities throughout the nation, containing over 80 million people, are projected to exceed the health-based standard for ozone beyond the 1987 Clean Air Act deadline. Unfortunately, most of the easy reductions have been achieved. We are now faced with requiring controls that are not only expensive for industry to comply with, but costly for state and local agencies to implement. Moreover, EPA is considering requiring agencies to upgrade monitoring networks, develop emissions tracking systems, improve the effectiveness of vehicle inspection and maintenance programs and enhance enforcement programs by conducting more frequent inspections of a greater number of facilities. We are also confronted by a similar post-1987 nonattainment problem with carbon monoxide, which will likewise require increased efforts by state and local agencies.

Reducing the risk of exposure to air toxics will also require significant expenditures. Most state and local air agencies are at the embryonic stage in developing programs to control both routine and accidental releases of toxic chemicals. To make progress, agencies will be required to hire additional personnel, purchase equipment, inventory chemical plants and industrial facilities and conduct inspections. Expansion of these activities will occur slowly, or not at all, if funding levels are not raised.

State and local agencies will also face significant difficulties in implementing EPA's often-postponed fine particle standard, expected to be promulgated in FY 1987. EPA has projected that about 100 areas, containing 20 million people, will exceed the revised particulate standard. State and local agencies are being required to purchase and operate special PM_{10} monitors during FY 1987 and to submit a comprehensive plan to EPA soon after the new standard is published.

Substantial commitments of resources will be necessary for state and local agencies to assume responsibility for a host of other activities. These range from purchasing additional monitors for the criteria pollutants (50 percent of existing monitors are in "fair" or "poor" condition, according to EPA) to completing court-mandated stack height regulations and State Implementation Plans (SIPs) for visibility.

One additional area of the EPA budget typically lacking adequate resources is training. State and local officials have historically relied to a great extent on EPA's training program. Our agencies are at a distinct disadvantage when forced to compete with private industry for qualified personnel. Turnover in the public sector tends to be high and training replacements is costly. In addition, existing personnel must be kept current in their fields and apprised of new regulations and requirements. STAPPA and ALAPCO therefore urge you to ensure that the training program for air pollution control is adequately funded.

These are somewhat frustrating times for state and local air pollution control agencies. We are facing increased work loads at the same time our funding is declining. The problem is particularly trying for many local agencies, which have relied in the past on federal revenue sharing. We are attempting to cope, however, by conserving resources in a number of ways. Many agencies have instituted internal administrative and managerial cut-backs to create a leaner organization. Others have postponed filling vacancies or replacing old equipment. However, these cost-saving measures alone have not been sufficient to compensate for continual increases in responsibility and decreases in the purchasing power of federal funding. Accordingly, agencies are also seeking funding from alternative sources.

One alternative source of funding is the permit fee, which allows air pollution control agencies to impose charges on a regulated facility in order to recoup the administrative costs of issuing and enforcing permits for that facility. We are currently in the process of surveying state and local agencies on their fee systems and are able to share with you our preliminary results. Of the 34 states responding to our survey to date, 32 currently have or will soon gain the authority to collect fees. Over half of the respondents indicated that they already collect fees, although the average amount of fees collected represents only 10 percent of a state agency's budget. It seems reasonable to expect greater reliance on fees in the future unless some alternative source of funding emerges.

State and local air pollution control agencies feel an acute responsibility for protecting public health and the environment. We are sincere in our efforts to operate efficiently and supplement our budgets; however, an agency's ability to compensate for decreased funding and lost purchasing power is limited. While we will continue to do the best we can with what is available, there is an increasing gap between what the public expects of many agencies and what these agencies can deliver. However, as responsible government officials, we recognize the need to make sacrifices to reduce our nation's deficit. We therefore support the President's request for $95 million to fund state and local air pollution control programs.

Thank you for this opportunity to testify today. I will try to answer any questions you have.

TABLE 1

PROFILE OF STATE CLEAN AIR RESPONSIBILITIES OVER THE YEARS

1963 CAA	charge to "develop, establish and improve air quality programs"
1966 CAA	"maintain" existing air programs
1967 AQA	designation of AQCRs promulgation of state AAQS more enforcement of air pollution controls develop AQ comprehensive strategies and deliver to HEW
1970 CAAA	
1971	NAAQS set by EPA
1972-74	O_x, CO, NO_x, TSP, SO_2 SIP development and submittal TCPs I/M ISR NSR
1974-75	Attainment deadline TSP and SO_2 Maintenance Plans
1976	§110 (a) (2) (H) O_x Revisioning Calls Offset Policy
1977 CAAA	
1977	§126 Interstate Notification §107 N/A Designations State Board Composition Non compliance penalties Part C PSD Class I designations
1978	§174 Designations Development of VOC RACT regs Development of Part D plan elements State legal authority for I/M EPA doing PSD and NSINA permitting pending State delegations
1979	Part D SIPs due for TSP, SO_2, NO_x, O_3 and CO in 50 States otherwise §110 (a) (2) (I) construction ban consequences NSR regs due Lead SIPs due TCPs, BTN and §176 (a) statements due Bubble Policy announced
1980	Visibility SIPs due to EPA §121 Consultation regs due Part C PSD requirements published 1979 SIPs approved §319 monitoring SIP due
198	State PSD regs and delegations increase State NSPS and NESHAP delegations increase 1982 SIP CO and O_3 development activities Generic State Bubble rules allowed
1982	Part D SIPs for O_3 and CO extension areas in 31 states due Attainment date for all nonextension areas Proposed Emission Trading Policy Announced
1983	EPA publishes SIP approvals/disapprovals EPA publishes Tier1 and Tier2 lists for attainment compliance NRDC Pb Suit SIPs due Post 82 SIP and Sanction Policy published
1984	Post 82 SIP work §110 (a) (2) (H) calls for SIP revisioning State/EPA air audits PM_{10} NAAQS proposed Development of State Air Toxics programs Acid rain research GEP stack height case settled, SIPs due soon Visibility FIPs

SOURCE: State and Local Air Program Resources, United States Environmental Protection Agency, June 1985.

TABLE 2

FUNDING FOR STATE AND LOCAL AIR POLLUTION CONTROL PROGRAMS
(Millions $)

FY	Purchasing Power	Non-Federal Actual	Non-Federal *Real	Federal Actual	Federal *Real	Total Actual	Total *Real	% Non-Federal
72	1.00	55.0		42.0		97.0		57
73	.95	63.1	59.9	50.7	48.2	113.8	108.1	55
74	.88	76.7	67.5	51.5	45.3	128.2	112.8	60
75	.78	91.2	71.1	52.5	41.0	143.7	112.1	63
76	.74	94.7	70.1	55.3	40.9	150.0	111.0	63
77	.70	104.8	73.4	55.6	38.9	160.4	112.3	65
78	.64	107.9	69.1	66.0	42.2	173.9	111.3	62
79	.62	116.3	72.1	80.0	49.6	196.3	121.7	59
80	.55	132.1	72.7	82.8	45.5	214.9	118.2	61
81	.49	143.9	70.5	87.7	43.0	231.6	113.5	62
82	.48	144.9	69.6	87.7	42.1	232.6	111.7	62
83	.45**	151.0	68.0	84.7	38.1	235.7	105.5	64
84	.43**	157.2	67.6	87.7	37.7	244.9	105.3	64
85	.42***	171.5	72.0	90.7	38.1	262.2	110.1	65

* Real purchasing power of the dollar, valuing the 1972 dollar at $1.00 and rating the purchasing power of each subsequent year's dollar against the 1972 dollar. Source: United States Department of Commerce

** Estimates--Data Resources Incorporated

*** Estimate--United States Department of Commerce

SOURCE: U.S. Environmental Protection Agency/Office of Air Quality Planning and Standards/Massachusetts Department of Environmental Quality Engineering/Division of Air Quality Control

Mr. BOLAND. Thank you very much, Don.

Mr. RECTOR. I am Del Rector, Chief of the Hazardous Waste Division, Department of Natural Resources in Michigan.

I want to make three points to the Committee today. The first point is to thank you for your previous support of the hazardous waste program at the state level. The second point is to support the Administration's budget which provided for approximately $10 million increase in the state programs for hazardous waste. And, third, just to tell you what that appropriation will do and what it will not do. There is a tremendous increase in the needs in the program.

The whole program under the Hazardous and Solid Waste Amendments of 1984. There is much more permanent work to do. At each facility we have to identify every solid waste management unit, whether it was hazardous waste or not at that facility and provide for cleanup of those sites if they, in fact, cause contamination.

That takes a lot of work. The funding will go for that work. It will also go for inspections, primarily for treatment storage disposal facilities and some generator inspections. There is only enough money to inspect two percent of the generators.

By EPA's own estimate, we are talking about inspecting generators only once every 50 years with the level that has been funded. We will also be monitoring some ground water.

We will not be doing enough inspections, especially the small quantity generators. The universe of facilities that are regulated by the amendments has increased some 45-fold from 14,630.

There is an emphasis on the larger ones, but we have found through some of our work in Michigan, that the small generators can cause environmental problems. One of my districts has a field staff of whom I asked how much documentation we have of environmental problems caused by small quantity generators. This is an area of the state that represents perhaps ten percent of our activity. Within a couple of days, just quickly going through the file and off the top of their head, they could identify 18 small quantity generators that had caused groundwater contamination of soil contamination that could lead to groundwater contamination.

So additional activity in that area is very important. We also need to implement manifest programs which involves tracking that waste. We believe the state hazardous waste programs are very cost effective.

If we could even prevent one site in Michigan or any of the other states from beginning a Superfund site each year, then that has paid for the program in terms of the kind of cleanup costs that are required.

We think it is very effective. Speaking of the Superfund, it is my understanding that part of the fiscal year 1986 appropriation has still not been released because it was waiting for reauthorization of CERCLA. That is of growing concern to the states.

There is apparently $700 million that are available. States are out spending the money, some of their own money and hoping to get it repaid.

We are also talking about people who are working under these programs, many of which have fiscal years which start July 1 and have employees that are working which would put a further roadblock in the progress for cleaning up the sites that we already have started.

So we would ask for release of that money at the earliest possible time.

Thank you.

[The statement of Mr. Rector follows:]

Association of State and Territorial Solid Waste Management Officials
444 North Capitol Street, N.W. • Washington, D.C. 20001 • 202-624-5828

TESTIMONY OF

DELBERT RECTOR
CHIEF, HAZARDOUS WASTE DIVISION
MICHIGAN DEPARTMENT OF NATURAL RESOURCES

ON BEHALF OF

THE ASSOCIATION OF STATE AND TERRITORIAL
SOLID WASTE MANAGEMENT OFFICIALS

Before the

SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES
HOUSE APPROPRIATIONS COMMITTEE

MAY 8, 1986

Mr. Chairman, Members of the Subcommittee, my name is Delbert Rector and I am Chief of the Hazardous Waste Division in the Michigan Department of Natural Resources. I currently serve as Chairman of the RCRA Program Development Committee within the Association of State and Territorial Solid Waste Management Officials (ASTSWMO). My Committee is responsible for evaluating statutory and regulatory changes in the hazardous waste program, as well as identifying training and resource needs that result from those changes. With such perspectives in mind, I am pleased to testify today on behalf of the Association as to how the Administration's FY87 budget proposal for USEPA affects the States' ability to implement solid and hazardous waste program requirements.

ASTSWMO is a non-profit professional association which speaks for the directors of State solid and hazardous waste regulatory and cleanup programs. Situated at the State level, our members have a unique perspective on the problems of waste management. State officials are in constant contact with the individuals who produce and handle potentially health threatening wastes. They are the first to hear the concerns of citizens living near areas of actual and potential contamination.

Our members play an essential role in ensuring that solid and hazardous waste is generated and disposed of in a safe manner. In addition to ensuring State program compliance with federal requirements, State officials must satisfy State solid and hazardous waste management rules. In many instances, these State requirements are more stringent than the federal requirements. In addition to the regulation of hazardous waste, States also contribute funds, staff time, and other resources to clean up Superfund sites and other State sites which do not make the federal list of priority sites; to regulate underground storage tanks; and to regulate non-hazardous waste activities.

State Solid Wastes directors wish to applaud the significant attention paid to solid and hazardous waste management in the Administration's proposed FY87 budget. The Environmental Protection Agency's request for an increase in state grants under §3011 of the Resource Conservation and Recovery Act is appreciated. The proposed increase is for a total of $7,494,000 with $5,000,000 in new money for direct program implementation and $2,494,000 to replace the 4.3% cut in funds mandated by the Gramm-Rudman-Hollings Act this fiscal year. States were also pleased with the addition of $3,000,000 for the underground storage tank program, which is administered in half of the States by our members. While these increases and additions begin to recognize increased program responsibilities, it should be remembered that they do not significantly address all of the new features added by the Hazardous and Solid Waste Amendments of 1984 (HSWA).

The States' need for this new money is great. Many of the new federal regulations required by the Hazardous and Solid Waste Disposal Act of 1984 (HSWA) will be ready to implement in FY87. For some States, these new amendments will allow an ongoing State program to be recognized as an integral part of the national program. Yet for the majority of the States, the HSWA requirements will be new components of an already overcommitted regulatory effort. By greatly increasing the scope of the regulated universe, HSWA will require additional resources of State governments which have the federal program delegated to them.

I would like to share with you an example of how this added money can be used to cover new HSWA requirements. Even in the narrow universe of disposal facilities, a new initiative under HSWA covering solid waste management units (SWMUs) will demand increased resources. USEPA estimates that up to 70% of the land disposal facilities, 80% of the incinerators, and between 50-60% of the storage facilities have SWMUs. Each of these facilities may have 1 to 600 units, with an average of 6. The SWMUs represent new portions of a facility which have previously not been addressed under Subtitle C of RCRA.

Regulation of SWMUs involves the permit writer doing a file search, reviewing aerial photos of the sites, interviewing the owner or operators of the facility, and interviewing the public to do a historical tracking of the use of the site. This preparatory work may take weeks to complete. After completion of this step, the permit writer goes to the facility for a site review. Such a review may involve extensive sampling to show whether the SWMU is causing environmental problems. The preparatory work and the site review, including the sampling, is currently averaging $20,000 to $30,000 per facility.

If contamination is suspected, then the owner/operator of the facility is directed to do much more extensive site characterization work, either under a corrective action (§3008(h)) or as a permit condition. Once the problems are adequately characterized, the facility owner must agree to clean up the site in order to maintain his permit. This new regulatory initiative is well worth the money. It identifies and forces cleanup of potential Superfund sites during the permit process. Slowness due to understaffing and insufficient funds will cause permit delays. The proposed increase in State grants would provide more money for efforts such as this.

In addition to pointing out new actions at the facilities that the Administrator's budget attempts to address, State directors would like to share with you some additional initiatives which provide excellent payout for minimum investment that go beyond the President's budget. Acknowledging the concerns of your Subcommittee for prudent expenditures in all programs under your jurisdiction, ASTSWMO is hopeful that this information may be of use to you.

According to State directors, only forty percent of the universe covered by the Resource Conservation and Recovery Act is addressed by facility specific efforts. A major portion of the expanded universe under HSWA is composed of generators (small quantity generators and waste oil blenders, for example). The addition of small quantity generators under HSWA to the federal regulatory universe has increased the nationwide numbers from 14,000 to 630,000. That is 45 times those regulated before HSWA! Compare those numbers for generators with less than 2,000 treatment, storage, and disposal facilities (TSDFs).

States agree that both public health and the environment can be threatened by the generators and shippers of hazardous waste in addition to the disposal facilities. For example, in Michigan when I asked one district supervisor to document known soil or groundwater contamination caused by small quantity generators in his district, he immediately listed 18 such facilities. These have been identified by Michigan because we believe inspections of such generators are important and devote a small amount of state resources to them.

Much more needs to be done in this area. But under the proposed FY87 budget, once the treatment, storage, and disposal facility specific efforts are identified, the remaining FY87 grant funds would only cover 2% of the generators. That is only one inspection of each generator every 50 years.

The federal program has relied in the past on voluntary reporting by the generators to the regulatory agencies. As the regulations become more stringent, fewer generators will voluntarily report. This is another reason that States have found that emphasis must be placed on these "non-notifiers" to maintain a comprehensive identification of the regulated universe. Generator inspections, including those of non notifiers, are a manpower intensive effort.

However, the payout is great. Instead of waiting to discover generators under CERCLA who have been pouring their wastes either down the drain or on a secluded part of their property, targeting non-notifiers will encourage all generators of hazardous waste to report. States could utilize a technique that has been quite successful when implemented by the Internal Review Service. As you know, the IRS relies on publicity about heavy fines/jail sentences levied against individuals who have never reported to encourage persons to voluntarily come forward. That same technique, with adequate funding, can be used in RCRA.

Manifest tracking is one way that the States can monitor the generators... unfortunately, the FY87 budget does not provide adequate money for some States to institutionalize such a system or for others to computerize such a system. Yet, investment in this system is very cost effective. For example, the State of New York, handling 3,000 manifests a week, has computerized using two key punch operators. Since the State has automated its system the number of exception reports (when the State does not receive information from both the generator and the disposer -- the cradle to grave coverage offered by RCRA) has decreased from 600 per month to 200 per month. This has allowed the State to more effectively target enforcement resources to those generators or disposal facilities who are not meeting federal requirements. Other State manifest workloads include Michigan with 2,000 per week, Louisiana with 700-1,200 per week, Illinois with 1,300 per week, and New Jersey with between 1,600 and 2,000 a day. These numbers will increase in all states as more and more small quantity generators comply with RCRA requirements. For example, Michigan has been registering 175 to 200 new small quantity generators per week since last November.

In closing, the first tier of regulation, that of the facilities, is emphasized under the proposed FY87 budget. However under the same proposed budget, this second tier of regulation which targets the source of the hazardous waste is not reflected. It is this "safety net" of control which your Subcommittee may wish to consider when determining additional funding for our program.

Mr. **Boland**. Okay. Thank you very much.

Who is next?

Ms. **Savage**. Robbi J. Savage, Executive Director/Secretary-Treasurer of the Association of State and Interstate Water Pollution Control Administrators.

First, Mr. Chairman, I would like to express our appreciation to you. Over the years you and your staff have been very supportive of our programs. We really enjoy working with the staff here in the Appropriations Subcommittee. They do an excellent job on your behalf and we enjoy that opportunity.

Mr. **Boland**. Thank you.

Ms. **Savage**. Mr. Chairman, we have come before you for the last four or five years talking about successes in water quality, improvements in our ability to do the job, outlining for you our accomplishments. In 1972, we published America's Clean Water, the States' Evaluation of Progress, which documented that nearly 80 percent of the waters of the United States were meeting or partially meeting the designated uses.

We followed that up to outline what the states were doing on non-point sources and the accomplishments that were being made in that area as well as to chart a course for our future.

You have invested a lot of trust in the states and we appreciate that and we think it is well justified.

Now, however, we have to come before you, instead of talking about our successes, we have to ask you for money. It is a very difficult position to have to be placed in after so many years of coming and talking successes.

The water program is, as you know, primarily managed by the states. We have 37 states that currently manage the NPDES programs and 49 that manage the construction grants program. We are very concerned that with the President's budget request we may be in danger of losing the progress that we have made over the last decade in clean water.

Mr. Boland, you have been a proponent of clean water for all the years that I remember you being in Congress. You know the situation as well as anyone, but just to quickly reiterate for the record the life we are living under, the clean water program is an authorization of $2.4 billion for fiscal year 1986 with an appropriation of $600 million. There has been no presidential request for fiscal year 1987. We are working at zero with the promise, once adequate reauthorization has taken place, that there will be $1.8 million requested by the President.

We appreciate both the Administration and this Committee's interest in spurring the authorizing committees to act. We understand and support the concept of withholding funding to encourage the authorizing committees.

We support that, but we come before you to say if they don't hurry and reauthorize, and we have been working very hard with those committees, we are going to have very, very serious problems with the Clean Water Act.

The President's budget for fiscal year 1987 with the Gramm-Rudman-Hollings reductions is basically a 33 percent reduction in the states' ability to do their job. The reduction of 106 is $10 million, which is a 20 percent reduction with Gramm-Rudman-Hollings.

205(g) is down 25 percent and 205(j), which is what we use to do the planning on non-point water quality standards, has been eliminated from the 1987 budget.

Our current position is we want to see the Act reauthorized. We are working very hard, as I said. I understand the House is caucusing this afternoon.

The staff continues to meet. They continually tell us that the issues are not far apart if they just had the opportunity to get together. Once Superfund is taken care of, perhaps they will have that opportunity.

We are very concerned that clean water will fall stepchild to the Superfund program and cause us significant danger in the future.

The current position on 106, 205(g) and 205(j) can stay at the fiscal year 1986 levels, which is also supported by the National Governors Association, and we are committed to a transition of the construction grants program to State revolving loan funds at a level of 2.4.

The President's proposal, however, of a four-year phase-out is impossible for this program to meet. You can't have a ten-year program and $56 billion and end a program in four years. The program is just too massive. You can't even build a sewerage treatment plant in that amount of time. You know what the various sections of the law does.

For 106, permitting enforcement treatment groundwater management, EPA is now asking with that same pot of funding to enhance the groundwater programs, expand non-point sources, enhance our monitoring for toxics and controls, sludge management and implementation of State revolving loan funds. What we have calculated by a survey of our Association is that with the 33 percent reduction in state funding we are looking at a 35 percent increase in activity in this next fiscal year, which is virtually impossible for the states.

We are also looking at the municipal enforcement deadline of July 1, 1988 which says that local governments will be in compliance with the law by that date, July 1988, with or without Federal funding at secondary treatment of final permanent limitations.

There are 3300 facilities out there that need to be built to be in compliance with that requirement. With the prospect of 33 percent reduction, staffings at the State level are estimated to be cut by 30 percent and work year reductions in the implications of that are obvious.

A recent report by the Chemical Manufacturers Association indicates that 85 percent of the toxics in our environment is dealt with through the water programs and NPDES pollution control program. It seems absurd to us; on the one hand we are saying that 85 percent of the toxics in our environment are handled through water and we reduce that program at a time when it is so critical that we at least maintain the level that we have had in the past.

States are ready to assume the responsibility. We have demonstrated that over the years. We are supportive of the State revolving loan funds but we can't work under the situation in the area the President has outlined.

We ask for funding at the current 1986 levels.

I would like to introduce you to Lyman Wible, who is the Assistant Administrator of the programs in the State of Wisconsin, a member of my Board and was able to join us this morning.

If you have any questions—he runs all the programs and he can answer questions for you.

I would like to submit this for the record.

[The statement of ASIWPCA follows:]

ASIWPCA

ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS

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ASIWPCA

ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS

TESTIMONY BEFORE THE SUBCOMMITTEE ON HUD/INDEPENDENT AGENCIES

APRIL 1986

HALL OF THE STATES • 444 NORTH CAPITOL STREET, NW • SUITE 330 • WASHINGTON, DC 20001-1512 • (202) 624-7782

ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS

Testimony before the

House Appropriations
Subcommittee on HUD and Independent Agencies

April 1986

Mr. Chairman, members of the Subcommittee. My name is Roberta, (Robbi) Savage, I am the Executive Director of the Association of State and Interstate Water Pollution Control Administrators. As you know, ASIWPCA is the professional organization of State managers of the Water Program. Our membership is comprised of the States, the Interstate Commissions and Territories. On behalf of the States Water Administration, let me extend to you our appreciation for allowing us this opportunity to discuss with you the Clean Water Program needs, relative to the Administrator's FY 87 Budget Proposal.

The 1972 Clean Water Act established a State/Federal Partnership to implement the National Clean Water Program. State Water Administrators embraced this concept and now manage over 75% of the program. This Subcommittee and the Congress, in turn, placed substantial trust in the States, investing billions of dollars in municipal wastewater treatment construction grants and millions of dollars in State Management assistance grants. That trust is justified, significant results have been demonstrated. Your support of this vital program is needed now, as in no time in the past. We urge you to continue clean water program funding at the FY 1986 level.

The Association has testified before this Subcommittee many times on the continuing need for the partnership. Since the Subcommittee is familar with the issues and has followed the transfer of program management to the States, ASIWPCA sees no need to reiterate well understood positions. We would, however, like to emphasize several points:

- The delegation established in the law is working and -- although it is often easy for those on the shores of the Potomac to put aside, the fact remains that the States do the lion's share of the :

  .. overall program management,
  .. water quality standards setting,
  .. permit issuance,
  .. enforcement, and
  .. water quality monitoring,

- To promote effective program management, States prefer to spend their limited resources on environmental cleanup, not paper shuffling.

- The State/Federal partnership cannot continue to effectively function with a -33% reduction in State Management Assistance as proposed by President Reagan. States cannot, with an abrupt -25% reduction in Construction Grants, transition effectively to revolving loan programs, or any other means of providing adequate funding for POTW's.

THE IMPACT OF PRESIDENT'S FY87 BUDGET ON STATE ENVIRONMENTAL PROGRAMS

($ Millions)

State Management Grants	FY86 Appropriation	FY86 After Gramm/Rudman 4.3% Cut	FY87 President's Budget (Total Change from FY 86 Appropriation)	FY87 Proposed as % Reduction From FY 86 Appropriation
I. WATER QUALITY:				
Section 106	$ 64.9	$ 62.1	$ 52.1 (-$12.8)	-20%
205 (g) Management	96.0	91.9	72.0 (-$24)	-25%
205 (j) Management	24.0	22.9	-0- (-$24)	-100%
Categorical Subtotal:	$184.9	$176.9	$124.1 (-$60.8)	-33%
II. REMAINING:				
AIR	95.0	90.9	95.0 (0)	---
DRINKING WATER	38.6	36.9	37.0 (-$1.6)	- 4%
HAZARDOUS WASTE	65.0	62.2	73.0 (+$8)	+12%
OTHER	11.5	11.1	-0- (-$11.5)	-100%
Categorical Subtotal:	$210.1	$200.8	$205.0 (-$5.1)	- 2%
GRAND TOTAL:	$395.0	$377.7	$329.1 (-65.9)	-17%
CONSTRUCTION GRANTS	$2400	$2296.8*	$1800*	-25%

* To be proposed only upon enactment of Clean Water Act reforms "acceptable" to the Administration. If the Act is not reauthorized, funding for FY 86 will be $600 Million and zero for FY 87.

FISCAL YEAR 1987
IMPACT OF THE PRESIDENT'S BUDGET ON STATE WATER QUALITY MANAGEMENT

SUMMARY IMPACTS:

The Federal government relies on the States to manage and implement the nationally mandated Clean Water Act requirements using funding incentives under Sections 106 and 205(g) & (j) of the Act. The President's FY 87 Budget proposes a 33% cut in Federal support to State management assistance from FY 85 levels, and an abrupt -25% reduction in Construction Grants. This would significantly reduce the States' ability to protect and enhance surface and groundwater quality. In addition, the transition to State Revolving Loan Programs as articulated in the Clean Water Act Conference Committee Bill, would be seriously jeopardized.

Federal support to State programs is important for several reasons: 1) the Clean Water Act established a partnership between States and the Federal government to administer the national water program, and 2) the Federal funds provided under the Act leverage vast amounts of State funding for management and construction.

It is important to note that States established the base environmental program with water funds which continues to be the cornerstone of laboratory services, data management, administration, etc. A disproportionate cut in the water program would have negative consequences for not only water, but also other media programs, e.g. waste management, superfund, air, and pesticides. It is also important to stress the fact that State Water Quality programs are nearly twice as efficient as water quality programs administered by US EPA.

BUDGET IMPACTS

Over the past five years, States have instituted many economies to manage for environmental results. There is no "fat" left in the water programs. The cuts required under the President's FY 87 budget translate directly into reduced levels of environmental protection, as well as widespread non compliance with the Clean Water Act deadline of July 1, 1988 for municipal compliance with secondary treatment. Nondiscretionary duties such as permit issuance would take precedence over other activities:

* Existing requirements:
  .. Permitting,
  .. Enforcement,
  .. Pretreatment,
  .. Monitoring/Inspection

- New initiatives, all of which are priorities in the National Water Program for Fiscal Year 1987, would be particularly hard hit, for example:
  - .. Groundwater protection,
  - .. Nonpoint Source control
  - .. Toxics control,
  - .. Sludge Management
  - .. establishing State revolving loan programs, and
  - .. the US EPA National Municipal Policy to comply with the July 1, 1988 deadline.

Regulation of municipal and industrial discharges under the NPDES program is the largest component of most State water programs. Based on a recent survey of the States conducted by our Association, the cuts proposed by President Reagan will have the following major impacts on State activities:

PERMITTING	Under State and Federal law all municipal and industrial sources must have NPDES permits based on technology as well as water quality needs. The proposed budget cuts would:
Permit Backlog	Significantly delay permitting and increase the backlog of expired permits.
Toxicity Control	Seriously curtail expansion of State programs to address toxicity.
Delegation	Jeopardize (and in some instances terminate) State management of the NPDES program. With 37 States currently delegated the NPDES Program, US EPA would not be in a position to assume responsibility for these activities.
ENFORCEMENT	NPDES enforcement could be greatly impacted because of EPA's currently high priority on permit issuance and elimination of the existing backlog.
Surveillance	Surveillance and inspection of municipal and industrial facilities for compliance with Clean Water Act requirements would decrease with less violations being detected.
Enforcement Actions	Enforcement actions may well decrease with State response to facility non-compliance delayed.

MONITORING

Chemical and biological monitoring for conventional and toxic pollutants is essential to resolve priority water problems. The proposed budget cuts would limit:

- * identification of toxicity and other environmental problems,
- * documentation of trends and
- * evaluation of program effectiveness.

PLANNING

Establishment of environmental programs and control requirements would be severely curtailed, particularly with the President's proposal to eliminate §205 (j) funding.

Standards

Review and revision of State water quality standards would be delayed. Water quality based decisions would be increasing difficult to make and scientifically justify.

Programs

Development of water quality programs would be substantially delayed and in some cases terminated (e.g. State revolving loan and nonpoint source programs).

CONSTRUCTION GRANTS

The Federal construction grants program is for the most part, managed by the States. This system of delegation has worked well over the years and should be continued.

Delegation

State reserves of §205(g) funds needed to manage the planning decisions of construction of a municipal wastewater treatment facility are being significantly eroded by delays in funding and project budget cuts. Delegated functions, in some circumstances, will out of necessity be returned to US EPA. Again, with 48 States currently delegated the Federal program the US EPA would find it difficult if not impossible to assume responsibility for these activities, since the Agency's own Water Program Office is reduced under the President's budget.

Project Management

With reduced resources, States would be unable to fully manage Construction Grant projects causing delays and reduced oversight, resulting in lower quality and eventually higher cost projects to the Federal government.

Construction

According to a recent ASIWPCA survey:

- More than 3330 projects necessary to meet the July 1, 1988 municipal enforcement deadline, have not to date been funded,
- The total estimated cost for these 3330 projects exceeds $20 Billion, ($11 Billion in Clean Water Act funding at a 55% Federal share).
- The President's FY 87 budget of $1.8 billion for municipal construction leaves a shortfall in Federal funding of more than $9 billion.*

NOTE: The President's budget limits funding to projects currently under construction (phased/segmented). It does not allow for funding new projects -- i.e. those generally in need of financial assistance to achieve the municipal compliance deadline of July 1, 1988.

GROUNDWATER

Federal incentives under §106 of the Act have accelerated State groundwater program development and implementation. The proposed FY87 budget would drastically decrease the momentum of this vital program at the very time when expansion is called for. Activities most affected include:

.. identification of groundwater contamination
.. source permitting,
.. sludge disposal, and
.. technical assistance to local governments.

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* This figure relates only to project needs associated with the July 1, 1988 Municipal Enforcement deadline for secondary treatment levels.

Because of the President's unwillingness to request FY 1987 Construction Grants funding until "acceptable" reauthorization is achieved, the overall impacts will become **even more pronounced** if the:

1) Clean Water Act is not reauthorized in FY86, and/or
2) President's proposal to limit Construction Grants funds to phased/segmented projects is accepted by Congress.

SECTION 106 STATE MANAGEMENT ASSISTANCE ALLOCATION OF THE $12.8 PRESIDENT'S FY 87 BUDGET REDUCTION AMONG STATE WATER PROGRAM ACTIVITIES*

Enforcement	- 38%
Monitoring	- 16%
Permitting	- 18%
Planning	- 9%
Groundwater	- 8%
Administration	- 11%
Total:	100%

*Note: For each $100 of reductions required, States will take $38 from enforcement, $18 from permit issuance, etc.

TOTAL FY 87 REDUCTION FROM THE FY 86 BASE** BASED ON ASIWPCA SURVEY

Permits	- $4,256,000
Enforcement	- $8,512,000
Monitoring	- $3,648,000
Planning	- $7,904,000
Groundwater	- $2,432,000
Administration	- $1,824,000
Subtotal:	- $28,576,000
Management of the Federal Construction Grants Program	- $32,224,000
TOTAL	- $60,800,000

** In Sections 106, 205(g), and 205(j) funding.

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STATE PERSONNEL REDUCTIONS

With the 33% State funding reductions as proposed by President Reagan, States according to the ASIWPCA Survey will reduce their Clean Water Program personnel by -30%.

WORKYEAR REDUCTIONS

Section	FY85 Program Level	FY87 Reduction
106 State Management Assistance	1670	240 (-14%)
205(g) 4% reserve of Construction funds to manage the Federal grant program	1600	470 (-29%)
205(j) 1% reserve of Construction Grant funds for water planning	390	390 (-100%)
TOTAL	3660	1100 (-30%)

It is critically important to emphasize that current program funding levels are essential to an effective Clean Water Program. This has been illustrated in a recent survey by the Chemical Manufacturers Association, which documents that 85% of the hazardous waste emitted into the environment is regulated under the Clean Water Act, through the NPDES process. States simply cannot continue their vigilance against toxic pollutants with a 33% decrease in the existing programs budget.

The Association of State and Interstate Water Pollution Control Administrators appreciates the opportunity to come before this Subcommittee and is prepared to answer any questions you may have.

ASIWPCA

ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS

MUNICIPAL PROJECTS CURRENTLY UNFUNDED BUT REQUIRED TO COMPLY WITH THE CLEAN WATER ACT JULY 1, 1988 DEADLINE

Number of States Reporting: 40

	Number of Community Projects	Total Project Costs
Alabama	57	$101,332,000
Alaska	5	$ 30,400,000
Arizona	23	$138,299,000
Arkansas	82	$243,822,000
California	45	$925,879,000
Colorado	5	21,500,000
Connecticut	10	$123,700,000
Delaware	0	
Florida	68	not available
Georgia	49	$191,816,000
Hawaii	6	$187,730,000
Idaho	37	$ 28,816,000
Illinois	207	$984,355,000
Indiana	88	$370,410,000
Iowa	130	not available
Kansas	25	$ 54,936,000
Kentucky	27	$ 33,127,000
Louisiana	51	not available
Maine	30	$ 90,061,000
Maryland	42	$386,000,000
Massachusetts	50	$825,000,000
Michigan	149	$1,206,337,000
Minnesota	139	$225,707,000
Mississippi	86	$ 94,300,000
Missouri	80	$344,000,000
Montana	21	12,000,000
Nebraska	47	$ 42,007,000
Nevada	6	$ 42,050,000
New Hampshire	32	$380,500,000
New Jersey	315	$3,159,439,000
New Mexico	12	$128,500,000
New York	63	$1,825,940,000
North Carolina	77	$ 17,[illegible]
North Dakota		
Ohio	324	$1,127,422,000
Oklahoma	136	$282,175,000
Oregon	20	$ 33,614,000
Pennsylvania	160	not available
Rhode Island	5	$ 92,090,000
South Carolina	31	$165,000,000
South Dakota	not available	$ 61,100,000
Tennessee	85	$200,830,000
Texas	340	not available
Utah	23	$ 98,852,000
Vermont	23	$ 54,440,000
Virginia	65	$216,563,000
Washington	54	$1,805,000,000
West Virginia	not available	$2,196,000,000
Wisconsin	5	$980,640,000
Wyoming	22	$ 30,850,000
TOTAL	3330	$19,918,[illegible]

At a 55% Federal Share: $10,954,915,000

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ASIWPCA

ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS

March 28, 1986

TITLE II CONSTRUCTION GRANTS FUNDING STATUS -- STATE PROJECTIONS

	FY85/86 FUNDS AVAILABLE FOR OBLIGATION	FY85/86 FUNDS AVAILABLE FOR CONSTRUCTION	FY85/86 FUNDS SETASIDE*	AVAILABLE FOR CONSTRUCTION 4/30/86	5/30/86	6/30/86	PROJECTED DEPLETION
Alabama	7.5	0.0	7.5	0.0	0.0	0.0	----
Alaska	10.8	7.9	2.9	2.4	0.9	0.0	----
Arizona	8.0	7.1	0.9	7.1	5.1	3.1	9/1/86
Arkansas	7.9	6.2	1.7	2.7	2.7	2.7	9/86
California	57.0	41.7	15.3	0.0	0.0	0.0	----
Colorado	4.3	4.3	0.0	3.3	2.8	2.8	9/30/86
Connecticut	13.3	10.0	3.3	0.0	0.0	0.0	----
Delaware	5.5	5.5	0.0	5.5	4.8	4.6	FY87
Florida	63.0	63.0	0.0	40.0	40.0	20.0	8/30/86
Georgia	10.0	9.6	0.4	0.0	0.0	0.0	----
Hawaii	16.0	16.0	0.0	16.0	16.0	16.0	9/30/86
Idaho	6.3	5.1	1.2	2.7	2.7	2.2	9/30/86
Illinois	50.7	50.7	0.0	0.0	0.0	0.0	----
Indiana	46.9	40.8	6.1	40.8	40.8	40.8	9/30/86
Iowa	16.3	11.7	4.6	8.4	5.1	2.9	7/30/86
Kansas	8.2	1.9	6.3	1.9	1.9	1.9	8/86
Kentucky	5.7	2.0	3.7	6.8	0.5	0.0	----
Louisiana	12.9	7.5	5.4	1.2	1.3	0.0	----
Maine	7.3	7.0	0.3	1.5	1.5	1.5	UNKN
Maryland	94.0	50.0	44.0	50.0	50.0	50.0	8/1/86
Massachusetts	33.8	31.6	2.2	27.8	20.0	5.0	9/86
Michigan	25.0	21.8	3.2	21.8	21.8	21.8	9/30/86
Minnesota	10.2	8.5	1.7	5.5	2.0	0.0	----
Mississippi	10.0	9.3	0.7	9.3	9.3	9.3	9/15/86
Missouri	18.3	16.0	2.3	2.8	1.0	0.0	----
Montana	1.3	1.2	0.1	0.8	0.5	0.0	----
Nebraska	2.7	1.3	1.4	1.3	1.3	1.1	9/1/86
Nevada	0.7	0.0	0.7	0.0	0.0	0.0	----
New Hampshire	9.0	7.9	1.1	1.1	1.1	1.1	8/30/86
New Jersey	56.2	35	21.2	35.0	30.0	30.0	9/86
New Mexico	1.5	1.0	0.5	1.0	1.0	1.0	9/86
New York	106.2	70.2	36.0	56.0	50.0	19.3	9/86
North Carolina	20.5	8.5	12.0	4.1	4.1	1.4	7/86
North Dakota	4.7	3.1	1.6	2.5	2.5	2.0	9/86
Oklahoma	10.4	8.6	1.8	6.2	3.8	1.6	8/30/86
Ohio	33.0	25.5	7.5	14.5	3.5	2.4	8/15/86
Oregon	22.5	18.0	4.5	8.0	4.0	0.0	----
Pennsylvania	29.4	19.4	10.0	3.5	3.5	0.0	----
Rhode Island	4.4	4.0	0.4	4.0	4.0	2.2	9/86
South Carolina	2.0	2.0	0.0	0.0	0.0	0.0	----
South Dakota	0.3	0.0	0.3	0.0	0.0	0.0	----
Tennessee	23.0	19.0	4.0	8.9	4.0	0.1	UNKN
Texas	18.6	13.8	4.8	6.4	4.0	0.0	----
Utah	3.1	2.5	0.6	0.0	0.0	0.0	----
Vermont	5.6	4.7	0.9	2.2	2.0	0.0	----
Virginia	22.0	20.0	2.0	16.0	14.0	12.0	9/30/86
Washington	25.6	15.2	10.4	15.2	15.2	0.0	----
West Virginia	7.0	7.0	0.0	0.0	0.0	0.0	----
Wisconsin	16.6	12.7	3.9	0.0	0.0	0.0	----
Wyoming	12.4	5.6	6.8	0.0	0.0	0.0	----
TOTAL	987.60	741.40	246.20	444.60	377.60	259.00	

Number of States Reporting: 50

Total States virtually out of funds (less than $2 Million unobligated) -- end of:

April -- 20
May -- 22
June -- 31

* Not available for general obligation to communities for construction because the funds are setaside under Sections 205(g) and (j), rural community or innovative/alternative technology provisions, court orders, etc.

** NOTE: These projections by the States assume only a $600 Million FY86 appropriation. States indicating an unobligated balance may be holding these funds for their top priority project(s) which is not quite ready (e.g., it may be in the final stages of US EPA Advanced Treatment Review) or reserving the funds for grant increases. Therefore, States with unobligated balances could readily use additional appropriated funds for other projects on their priority list, should such funds be made available (SEE ATTACHMENT FOR SUCH ADDITIONAL PROJECTS LISTED BY STATE).

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Mr. **Wible**. I would add only one point, Mr. Chairman, and that is from my perspective, I understand adjustments have to be made in order to address the fiscal problems in the country, but I believe that a 33 percent reduction in the oldest, most mature and a very effective program, the Clean Water Program, is a discontinuity which will have very serious, long-term adverse effects on the program.

This is different than a two percent or four percent or 15 percent reduction that has been sustained in the state budgets, for example.

Thirty-three percent reduction will have very serious effects on clean water.

Mr. **Boland**. Do you get the impression the clean water program is being held hostage to solving the Superfund?

Ms. **Savage**. Absolutely. They are very clear about that congressional staffs have indicated.

Mr. **Boland**. We have made an effort to move that, as you know. Hopefully, it will be done too, but I don't know. The difference between the House and Senate position probably is a difference in personalities sometimes.

Ms. **Savage**. You would know that better than I, Mr. Chairman. I would like to point out, however, that under the Clean Water Program, most of your base programs, your administrative programs, laboratory services, data management services, were all established with water money. If, in fact, the water program is cut as significantly as the President is proposing, it will have implications not only for the water program, but also for the laboratory services of the Superfund, RCRA, Safe Drinking Water and other programs.

We are not just talking about our own backyard here. We are talking about very significant impacts on the ability of the other programs to do their jobs.

Mr. **Boland**. You know there are some new initiatives in the 1987 budget. If you are asking for a freeze, what do we do with the new initiatives? Where will you get the money to support them?

Groundwater, for instance, is one of them. What is the other one? The new initiative on RCRA, I think.

Mr. **Curtis**. Congressman, we certainly would not want to pull the rug out from under those new efforts. We think those are important.

I think in advocating a freeze, the message the Governors are trying to send is don't reduce these programs below last year's level. In the past the Governors have always recommended, and we have come before you in the past during increased support for these programs to reflect emerging needs and new work loads. Clearly, we see part of that in the President's budget in terms of increasing the funding available for the hazardous waste program and we do support that.

We see that as consistent with our budget policy, and the same thing I believe would also be said about the other new efforts in the budget.

Ms. **Savage**. Groundwater is already being handled under Section 106. That is where you put the money to manage groundwater.

Mr. **Boland**. Thank you very much for your appearance. We are delighted to have you.

You do have some problems and clearly, as you have indicated in your own statement, we recognize it, too, that the water program is clearly the big loser in 1987.

Thank you very much.

Mr. **Curtis**. Could I just say one thing very quickly?

I wanted to second about what Robbi said about your staff, which have been extremely helpful to us and serve you very well. We appreciate the support, as well as your own.

Mr. **Boland**. We appreciate that. I would like to give the staff an increase but Gramm-Rudman prevents it.

AFTERNOON SESSION

THURSDAY, MAY 8, 1986.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

JIM SWEENEY, TENNESSEE ASSOCIATION OF UTILITY DISTRICTS, NATIONAL RURAL WATER ASSOCIATION

Mrs. **Boggs** [presiding]. The hearing will come to order.

Congressman Marty Sabo, who is a Member of the full Committee, was to be the first witness. I would ask the indulgence of the other witnesses when he comes in.

We are very pleased to have Jim Sweeney, who is representing the Tennessee Association of Utility Districts, National Rural Water Association, with us. We will be happy to have your testimony in its entirety entered into the record and you can summarize as you wish.

Mr. **Sweeney**. Thank you very much, ma'am.

If I may, I will read a short statement.

My name is Jim Sweeney, and I am the program manager for the Tennessee Association of Utility Districts. I am here on behalf of the National Rural Water Association, and thank you and this Committee for the support that you have given the Rural Water Training and Technical Assistance Program in the past and to request your continued support for the program in the Environmental Protection Agency fiscal year 1987 budget.

My primary purpose in appearing before you today is to emphasize the importance and effectiveness of having on-site technical assistance available to rural water systems in Tennessee and other states.

This is of particular importance with the recent Senate/House conference agreement on the new Safe Drinking Water Act of 1986. The new Safe Drinking Water Act requirements include issuing 85 new drinking water standards within the next three years, creating new enforcement procedures for public water supplies, requiring mandatory water treatment for all systems, increasing the list of mandatory monitoring requirements of the EPA generated containment list for all systems or by all systems, and assessing of civil penalties even if failure to meet these standards was not willful.

Our program is still assisting small water systems in two ways to meet the safe drinking water standards. The first of these is to provide a minimum of 12 one-day training sessions throughout the state, as well as regular newsletters to all systems to provide the basic information needed to comply with the law.

The second way is to provide on-site technical assistance to allow us to work one-on-one with those systems which must make changes in operation, design or water supply to meet Federal standards.

In most states we work from a priority list of problem systems supplied by the State Drinking Water Regulatory Agency. As small water systems are brought into compliance, new ones are added to the list.

It is a continuous, step-by-step process of bringing and keeping small water system supplies of the part-time operators in compliance. Today I would like to also bring to your attention the fact that the new Safe Drinking Water Act of 1986 authorizes a $10 million program for small system technical assistance.

We believe that this is a recognition of a need that this Committee recognized long ago in its support of our program. We strongly believe that the additional funding is needed, particularly if these monies are utilized by both the state drinking water agencies and the state rural water associations to increase the border-to-border coverage needed to assist all small systems in the state.

The Association of Drinking Water Administrators is submitting written testimony in support of this program and to again point out the close cooperation between our program and the State Agencies Program also funded by this Committee. We are asking this Committee to provide $3 million for our program in order to allow us to expand to 41 states in order to finally respond to requests for programs from other states.

We are currently in 32 states. We believe that these funds will allow EPA to make significant progress in having the new law implemented in a timely fashion. We also urge the Committee to provide the $10 million authorized for technical assistance for small systems under the newly authorized Safe Drinking Water Act.

We thank you for your past support and I certainly hope you will support our program. I will be glad to answer any questions.

[The statement of Mr. Sweeney follows:]

Statement of

Jim Sweeney

Member, National Rural Water Association

before the

House Appropriations Committee
Subcommittee on HUD-Independent Agencies
Washington, D.C.

May 8, 1986

Subject: EPA Safe Drinking Water Act

Mr. Chairman, my name is Jim Sweeney and I am the Program Manager for the Tennessee Association of Utility Districts. I am here on behalf of the National Rural Water Association to thank you and this Committee for the support you have given the rural water training and technical assistance program in the past and to request your continued support for the program in the Environmental Protection Agency FY 1987 Budget.

We began the program with the objective of providing technical assistance to the rural water systems to help them in their efforts to meet the compliance requirements of the Federal Safe Drinking Water Act (SDWA). After the passage of the SDWA in 1974 initial EPA studies determined that the most difficult SDWA compliance problem would come from small systems with part-time operators and little or no training in water system operation and management. While 80% of the people in the United States are served by the large community water systems, the most serious drinking water problems occur in those 80% of the systems which serve only 20% of the people -- the rural people. As EPA through the state drinking water agencies began to contact these small systems to enforce the testing and water quality provisions of the Safe Drinking Water Act they found many systems with part-time, minimal, or no maintenance and, in general, a very defensive attitude toward EPA's intrusion into their business. In many states the Safe Drinking Water Act and the small rural water systems were headed toward a confrontation that nobody would win.

It is within this atmosphere that the NRWA rural water training and technical assistance program was created and has grown. The overriding thesis of the program is that the best way to improve the quality of the drinking water in rural areas is to improve the quality of water supply, the quality of water system operation, maintenance and management and to encourage a strong local commitment to charge the water rates needed to pay for a good quality water system. The objective of the NRWA program in each state has been to assist and guide local water system personnel and Boards of Directors to commit to a method of operation that will allow their systems to meet all the requirements of the Safe Drinking Water Act as well as prepare for having a strong and healthy rural water supply in the future. The way Tennessee and the other NRWA states have approached this objective is to have rural folks help rural systems to solve their own rural water system problems.

The program is a solid grassroots program. It is folks working with folks where folks live and work. It is a program that is immediately responsive to resolving rural water system problems in a manner that is compatible with the rural way of doing business. The program provides:

- twelve one-day training sessions in rural areas
- a minimum of ten days on-site technical assistance each month
- border-to-border contact with all rural water systems in each state
- monthly or quarterly newsletters with down home advice as well as a very clear message on the priority for SDWA compliance

- immediate assistance for any small system expressing operation or management difficulties by contacting the state rural water association office

- coordinated rural water system efforts within a state to press for increased state and local participation in the funding and support for rural water systems which reduces demand on FmHA grants and loans

- access to all small water systems for EPA and state regulatory personnel to deliver the message and monitor the level of effort for SDWA compliance among rural water systems.

In short, the program delivers a simple, firm message to its peer participants - "rural water systems must take the steps necessary to protect the quality of their drinking water and be in compliance with the SDWA."

The number of participants in the one-day training sessions continues to increase as do the number of rural water systems actively participating in the overall state association program. For example, in the eleven months from April 1, 1985 through February 28, 1986, state associations conducted 366 workshops and provided training for 12,981 rural water operators representing 5,567 systems. With the constant turnover of small system operators the majority of these persons have never attended water system training sessions. Over 7,796 technical assistance visits, including 1,230 for compliance with the Safe Drinking Water Act, were also carried out and were normally the only hands-on assistance provided to these systems to help them meet the requirements of the Safe Drinking Water Act. Attached are state-by-state breakouts of the workshop training sessions and technical assistance visits over the past eleven months.

We are here today not only to report to you on the effectiveness and success of the program, but to urge your support in expanding the program from thirty-four to forty-one states for next year. This would increase the funding for the program to $3.0 million for FY 1987. This will enable NRWA to establish programs in those states where rural water systems have expressed an interest to EPA in developing their own statewide rural water training and technical assistance programs.

We realize that federal funds are scarce and that we are asking for a lot. However, when the Safe Drinking Water Act was passed rural water systems had to decide whether to fight federal mandates or make them work. To make them work we knew that we could not expect federal and state employees to provide the personal contacts necessary to help part-time employees understand how to improve small water systems. We had to do it ourselves. The reason we need these federal funds is the same reason that EPA funds states - there is a need for some federal financial assistance to monitor and press for compliance with federal environmental requirements. If states and localities had the funds and interest in doing this there would be no need for EPA. We believe that by funding this program this Committee is assuring that the SDWA will work in the rural areas of these forty-one states. Our state associations are continuously expanding the program with state and local resources, but it is this core federal assistance that provides the solid base for this successful program.

In light of our past success we want to point out that a more complicated future lies ahead. The Senate-House Conference recently approved the reauthorization of the Safe Drinking Water Act (S.124, HR 1650) which provides for a major increase in federal mandated requirements for water systems. The new law requires EPA to issue eighty-five new drinking water standards within the next three years, create new enforcement procedures for public water supplies, require mandatory treatment technology for small systems unless a variance is obtained, and require mandatory monitoring (ie increased sampling for small systems) by all systems of the EPA-generated contaminant list. In addition, civil penalties can now be assessed against small systems even if the failure to meet standards was not "willful". In short, the burden on rural water systems increases significantly. In Tennessee, for example, the cost for the required testing of a well for organic pollutants will increase from $500 to $1400.

The Conferees recognized both the major impact these new provisions will have on rural systems and the effectiveness of our rural water training and technical assistance program. The new Section 1442(g) of the Act specifically authorizes a $10 million small system technical assistance program and cites the NRWA program as an example of how an effective small system technical assistance program should be operated.

We believe that this is a solid endorsement of the NRWA grassroots training and technical assistance approach that this committee has supported over the past few years. We further believe that the EPA Drinking Water program has been one of the more effective federal environmental protection activities of any kind in rural areas because of its emphasis on the hands-on assistance approach as provided through our program.

We have been working with the Association of State Drinking Water Administrators (ASDWA) to consider the most effective way that the new small system technical assistance program could be utilized to solve SDWA compliance problems in rural areas. We believe that a program developed cooperatively between NRWA and ASDWA in each state would have the capability of helping rural water systems meet the increased requirements under the new law. Thus, we are requesting that the Committee appropriate the ten million dollars authorized in S. 124 in FY 87 so that this new program can begin at the same time that the new provisions in the Act are to be enforced. Otherwise the small water systems throughout the country will have severe problems in meeting the more complicated federal requirements of the reauthorized law.

Thank you and your Committee for its support in the past. We would appreciate greatly your assistance in continuing and expanding our rural water training and technical assistance program and in providing funding for the new small systems technical assistance provision in the recent reauthorization of the Safe Drinking Water Act.

FEB FY 86 (Eleven Months)

TECHNICAL ASSISTANCE
Y-T-D TOTALS
SDWA

		Systems	Potential								
	TA Days	Contacted	Comp	Operation	Maint	Manag	Finance	Solved	Referred	Informed	Other
Alabama	113	87	0	63	18	0	7	32	0	2	54
Arkansas	135	334	11	60	53	164	46	48	14	217	55
Colorado	110	277	7	108	23	115	24	129	0	142	6
Florida	108	267	63	131	27	35	10	26	11	76	34
Georgia	107	191	19	183	159	22	47	31	9	182	5
Illinois	121	282	0	164	94	16	8	32	29	221	0
Indiana	127	217	0	92	92	22	11	4	1	212	0
Iowa	114	253	16	110	27	95	9	127	1	112	13
Kansas	113	316	102	39	40	94	41	86	36	180	14
Kentucky	109	253	73	40	35	124	5	84	0	150	7
Louisiana	109	176	27	76	42	29	18	64	3	90	21
Maine	112	354	74	98	5	88	89	74	6	248	26
Minnesota	94	190	22	125	30	17	19	41	1	54	101
Mississippi	96	297	0	104	15	175	3	80	15	173	29
Missouri	108	262	10	84	20	106	37	128	6	107	20
Montana	132	292	56	103	54	111	17	129	4	160	11
Nebraska	119	403	90	361	23	48	28	121	1	296	8
New Mexico	108	374	53	159	127	158	50	106	9	237	71
New York	97	119	6	49	62	16	6	77	10	38	5
NCarolina	112	120	6	49	23	27	15	30	0	70	2
NDakota	104	395	74	218	130	152	61	85	109	229	115
Ohio	155	277	70	87	21	75	24	209	0	47	21
Oklahoma	117	194	5	89	0	98	2	36	1	118	37
Oregon	113	312	100	82	48	104	11	70	17	201	24
SCarolina	122	274	93	234	132	104	162	112	157	248	5
SDakota	112	239	26	63	81	64	34	106	3	139	23
Tennessee	111	199	78	59	23	111	31	88	3	99	10
Texas	105	111	25	14	7	59	6	14	1	84	12
Utah	112	218	63	82	81	72	29	75	4	120	23
Vermont	230	292	21	230	14	13	14	58	6	199	31
WVirginia	71	117	0	72	16	37	10	6	5	108	3
Wyoming	93	104	40	29	19	12	4	21	2	67	14
TOTALS	3689	7796	1230	3457	1541	2343	878	2329	464	4626	802

FEB FY '86 SDWA WORKSHOPS YEARLY (Eleven Months)

	Number Conducted	Number Attending	Number Systems	Regional EPA	FmHA	SDWA Personnel	Engineers	Suppliers	Contractr	Other
Alabama	11.00	806	257	1	19	14	35	145	1	334
Arkansas	12.00	562	306	1	11	11	9	95	0	10
Colorado	11.00	292	136	0	8	5	8	32	5	22
Florida	10.00	342	147	0	1	43	15	29	8	17
Georgia	11.00	404	165	0	6	11	12	41	1	9
Illinois	14.00	243	93	9	11	5	1	18	3	21
Indiana	13.00	183	68	0	11	12	7	26	2	0
Iowa	10.00	519	226	0	4	2	5	53	2	9
Kansas	12.00	511	219	4	16	30	18	44	4	35
Kentucky	11.00	408	234	0	4	1	34	69	20	38
Louisiana	10.00	408	312	1	3	30	1	50	6	5
Maine	11.00	298	106	0	0	11	0	10	4	10
Minnesota	10.00	203	123	0	0	3	0	19	0	15
Mississippi	9.00	290	82	0	1	0	14	80	12	35
Missouri	11.00	351	145	0	3	3	8	33	3	19
Montana	14.00	403	209	0	1	19	19	26	3	18
Nebraska	12.00	435	239	0	15	24	15	25	0	11
New Mexico	11.00	399	173	7	3	4	8	66	1	126
New York	11.00	735	398	1	1	34	20	29	0	11
NCarolina	9.00	290	135	0	0	19	10	9	0	0
NDakota	14.00	314	133	15	13	17	5	19	2	122
Ohio	6.00	199	65	0	3	2	9	17	0	9
Oklahoma	11.00	514	221	2	59	6	12	35	4	30
Oregon	11.00	218	104	0	4	7	7	30	4	4
SCarolina	14.00	259	130	0	6	6	23	12	0	2
SDakota	22.00	964	228	2	4	12	7	266	9	482
Tennessee	11.00	538	141	0	8	13	30	64	0	12
Texas	15.00	819	346	5	31	16	6	36	0	45
Utah	11.00	394	190	0	0	21	7	10	1	7
Vermont	11.00	175	98	2	1	5	2	6	6	7
WVirginia	7.00	143	53	0	7	4	2	22	2	1
Wyoming	10.00	162	88	1	0	0	4	0	0	4
TOTALS	366.00	12981	5567	51	254	390	353	1416	103	1470

Mrs. **Boggs**. Thank you so much, Mr. Sweeney.

I will defer to Mr. Boner who is your Representative from Tennessee.

Mr. **Boner**. Thank you, Madam Chairman.

First of all, as you have already noted, Jim is the program manager for our Tennessee Association of Utility Districts. His association has done a great job in administering the rural water program in Tennessee.

I am glad that he is here to speak on behalf of the National Rural Water Association. I have two questions I would like to ask.

I noticed in reading your testimony the high volume of turnover among small water system operators. I would guess that this is the result of the Association's doing too good a job training these operators.

Would you please comment on this turnover in system operators?

Mr. **Sweeney**. Yes, sir. That is a problem and it is a problem not only in Tennessee, but I feel across the country, including Louisiana and other states, in that many times we will train the small system operators to do their job properly in that small system, get them certified by the state regulatory agencies to operate those systems, and as soon as they achieve that level of competence necessary they frequently move on to higher paying jobs at larger systems so it is almost a continuous system of training and retraining.

Mr. **Boner**. You also described some of the changes resulting from the Conference Report to reauthorize the Safe Drinking Water Act. This report is pending on the House calendar. Given the additional requirements imposed on rural water systems, I would guess that the Association plans additional training sessions to bring small system operators up-to-date. Is this correct?

Mr. **Sweeney**. Yes, sir. We certainly will. The 1985 new testing requirements will create a tremendous financial and operational burden on our small systems and, in order for them to meet those burdens, they will require additional training.

Mr. **Boner**. How will this training be coordinated with the members of the Association of the State Drinking Water Administrators?

Mr. **Sweeney**. We work very closely in the State of Tennessee and other states with what we call the State Regulatory Agencies; very often our goal is the same. Consequently, we jointly put on seminars, oftentimes visit hand-in-hand some of our problem systems to solve our problems.

Mr. **Boner**. Madam Chairman, I have no further questions.

I am honored that Jim could be here to testify for us.

Mrs. **Boggs**. Thank you so much.

Mr. Green?

Mr. **Green**. I have no questions.

Mrs. **Boggs**. Mr. Sabo?

Mr. **Sabo**. No questions.

Mrs. **Boggs**. We do thank you very, very much.

We hope to continue to be supportive of your program.

VETERANS ADMINISTRATION, NATIONAL SCIENCE FOUNDATION, AND HOUSING AND URBAN DEVELOPMENT

WITNESS

HON. MARTIN O. SABO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mrs. **Boggs**. Congressman Sabo?

My apologies for starting without you.

Mr. **Sabo**. I apologize for being late.

It seems strange to be here on this side of the table and not a Member of the Subcommittee.

Mr. **Green**. Just couldn't stay away.

Mr. **Sabo**. That is right. I couldn't stay away and I appreciate the opportunity to appear before you.

I have a prepared statement that we will distribute for the record.

If I might, I would like to visit just a little bit informally about three different problems that relate to three different parts of the budget before the HUD subcommittee.

The first involves a proposal by the VA to consolidate a VA insurance center which currently exists in St. Paul to Philadelphia. I and other members of our delegation have looked fairly carefully at the study and tried not to simply be local folks who have a knee-jerk reaction against the move. We have looked at the study and have concluded that the study ignored several significant facts and we hope the subcommittee would take a look at this problem.

One of the fundamental things the study did not look at was the impact of our building a new VA hospital in St. Paul which leaves available what we call Building 43. This building is part of the current hospital owned by the VA and it will be available for other uses by the VA in the summer of 1987.

It clearly was a building that could not be renovated to be a modern hospital, but it is still a good solid building that can be used for significant activity.

As a matter of fact, the reports we have gotten on the proposed facility in Philadelphia is that it is an old warehouse, that it leaks, people have to cover desks with plastic so their papers don't get wet then they leave, that electrical cords hang from the ceiling, etc. All the descriptions would indicate that Building 43, which will be vacated in about a year, is a far superior facility to where the insurance center is proposed to be transferred in Philadelphia.

The study makes no estimate of the cost of renovating that facility, which is low rent, because it is not a good facility.

On the other hand, Building 43 would be owned by the VA and not subject to any GSA rent within a year or so. Our understanding also is the study used, even on the facilities the VA currently rents in St. Paul, a higher rent figure than in fact exists today.

The study also did not look at actual personnel but used a hypothetical personnel number in evaluating the terms of the consolidation and hypothesized on fewer personnel than actually exists. I think they hypothesized in terms of relocation and severance costs that 130-some employees would be involved, in fact, there are over 180 people working in that facility currently.

What I would suggest to the committee would be delaying this consolidation for a year with a limitation rider, so the VA could look at the impact of the building that will be available and, frankly, I would also request a requirement on VA to make some plans for Building 43.

If they have plans at this point, I don't know what they are. We have gotten estimates that are just out of sight on what it costs to renovate this building. The estimates seem to make no sense and are not consistent with what local people tell us in terms of how usable the building is on a current basis.

It may well be that the difference is internally to the VA. It might benefit the Veterans Benefit section to make the transfer, but it might cost more to the VA in total because they still have a building in the Department of Medicine and Surgery that they are going to have to maintain and that alternative clearly was not looked at.

Another area of concern is in the National Science Foundation, and that relates to the supercomputer program and particularly to the Phase I centers. These were the centers that really invested their own money in supercomputers and became first available for usage by contractors and by grant recipients. There are three of us, Minnesota, Colorado State and Purdue University in Indiana.

They were really pioneers in the supercomputing area. None of these three were awardees for the new big expensive program and the whole emphasis at this point is on the five new centers that they are creating. My understanding is that the new centers are not getting off the ground or developing as quickly as was projected.

In the budget request, the NSF has a little over $2.3 million for the Phase I centers and over $35 million for the Phase II centers.

I would hope the committee would take a look at redressing that imbalance so that the original Phase I computer centers, which are doing, to my knowledge, very good work can continue to operate with some certainty for the future and with a little less imbalance in the funding.

The third area I would like to visit about is one in which I have no specific action request but which is an emerging problem in our area and I expect will happen in other areas around the country.

That relates to senior citizen high rise units which are publicly owned. As some vacancies have occurred in these buildings, HUD has been urging the local housing authorities to fill these vacant units and they have also changed their regulation so that handicapped and disabled people under age 62 have the same access to the buildings as those people over age 62.

HUD's definition of handicapped really includes three different groups which they have added at different times. One is physically handicapped, the other is the mentally handicapped and, third is the mentally ill.

With the first two groups the integration into the senior citizen high rise units, from all the evidence I hear, has gone fairly well, namely, the physically handicapped and the mentally handicapped. However, we are involved in our State in a rather aggressive program on a State-wide basis to deinstitutionalize the mentally ill.

There are unique problems being created when the mentally ill are being put in the senior citizen high rise units. In some cases, they are folks who are fine and when they leave the institution but at some point don't take medications and all of a sudden they have a problem. There ends up being some real antagonism between this new group and the people who have been traditionally in the senior citizen high rise units and all the projections are that the problem is probably going to get more severe.

Our pattern is that currently the various definitions of handicapped are about 15 percent of the residents, but as people vacate, about 50 percent of the people on waiting list who will fill the vacancies fit into these categories. Some of our local officials are very, very concerned that there may soon be a significant exit by seniors who are very disturbed about what has happened to their fairly normal living circumstance.

So I think it is a problem that is there today, likely to grow in a very emotional way over the next few years and I expect the committee will probably begin to hear about it from around the country. There simply aren't the service facilities that are needed in senior high rises for people who are mentally ill.

I have no particular action to suggest at this point. At one point I thought maybe we should look at a rider saying we couldn't enforce that particular regulation. I am not sure that is appropriate yet at this point. However I think it is something the committee wants to keep an eye on in the future because we may end up at some point where there is very significant decrease of elderly people who are willing to stay in these units even though they were initially built for the elderly and in my judgment continues to be very good program for them.

Thank you.

[The statement of Mr. Sabo follows:]

Remarks before the

Subcommittee on HUD and Independent Agencies
House Committee on Appropriations

by

CONGRESSMAN MARTIN OLAV SABO
Thursday, May 8, 1986

Mr. Chairman, my friends on the committee, I appreciate the opportunity to appear before you today.

There are three matters of concern that I'd like to share with you. They all involve a local problem but, in my judgement, illustrate a larger problem within the agency involved.

I. VA Insurance Center Consolidation Proposal.

The first problem concerns the Veterans Administration proposal to consolidate all insurance activities in Philadelphia. Obviously this necessitates closing down the VA insurance center in St. Paul. The justification the VA provides for this recommendation is seriously flawed and I believe this proposal could actually increase the VA's cost for this activity.

Basically the VA did a cost-benefit analysis which showed that it would be more efficient for them to do all their insurance work out of one center rather than two.

They then went on to say that it was most cost-effective to do a "phased" transfer from St. Paul to Philadelphia. I have carefully reviewed the analysis they did to arrive at this conclusion. I have met with the analysts at the VA who did the work and I am still convinced that this move may not result in savings to the VA and may, in fact, increase costs.

The major flaw in their study is that it ignores a very important cost of consolidation -- building space and renovation costs. The VA is operating its Philadelphia Insurance Center out of a GSA facility which is an old radio factory and from all reports is in terrible shape. Their files are out on open shelves, the wiring is so antiquated that people have to plug their equipment into outlets that hang from the ceiling and the roof leaks. I had been told that the employees in Philadelphia have to cover up their desks with plastic at night so their papers don't get wet. I found this hard to believe so I asked Mr. Vogel of the Department of Veterans Benefits if this was true and he said "yes." Yet the analysis of the move includes no cost estimate for renovation in Philadelphia.

At the same time, the VA has an excellent building (Building 43) available to it in St. Paul. This building will be vacated next summer when the new Twin Cities VA medical center is completed out there. The local VA officials tell me it could be used for the VA insurance center almost immediately. The analysis also ignored the availability of this building.

Now, I do not know whether Building 43 should be an insurance center or a regional office, or what. But the VA does own this building and it is going to have to make some decision about its use.

It may make sense to ignore the existence of this building when analyzing that portion of the VA budget which deals only with the Department of Veterans Benefits, but it makes no sense to ignore the building when reviewing the entire VA budget. I suspect that a cost-benefit analysis which incorporates the cost of renovation in Philadelphia and the availability of VA-owned space in St. Paul might have a very different outcome.

In light of these concerns I would urge the committee to include a limitation rider in the bill which will allow the VA one more year to make its decision about Building 43, so these decisions can be coordinated with any insurance center consolidation proposals.

II. N.S.F. -- Supercomputers.

The second concern I have involves NSF's Supercomputer program. As you know the University of Minnesota has been one of the real pioneers in the use of supercomputers in an academic environment. In fact, Minnesota along with Colorado State and Purdue were the first universities funded by NSF for supercomputing. These universities have all invested heavily from their own resources to establish these facilities.

Now the NSF has set up a new Supercomputer program establishing 5 new Phase II centers. These centers are supposed to maintain state-of-the-art computing hardware, do supercomputer research and provide training. They were selected to provide a permanent network of computational resources to academia. However, none of these centers was a Phase I center to begin with. As I understand it, none of the Phase II centers is yet fully operational and they do not appear to be moving along at the pace envisioned when the program began.

NSF's budget justification proposes $35.5 million for Phase II centers in Fiscal Year 1987 and only $2.33 million for Phase I centers in FY 1987. While NSF is recommending continued funding of the Phase I (or resource) centers, I believe the balance is off. Phase I centers continue to provide major supercomputing opportunities for academic researchers and I believe they should receive a greater share of the supercomputing budget. Particularly since the Phase II centers are not on schedule. I urge you to redress this imbalance in the 1987 HUD bill.

III. HUD -- Regulations Governing Senior High Rises.

My third concern involves a new problem which will probably emerge in different cities around the country at different times. It has already appeared in Minneapolis because of the convergence of a large number of vacant units in senior citizen high rises with a push by the state to deinstitutionalize mentally ill people.

HUD has a regulation that says any low income person is eligible for this housing if he is over the age of 62 or a handicapped or disabled individual regardless of age. Although these buildings were originally built for seniors, as the vacancy rate goes up more non-seniors become tenants.

HUD's definition of handicapped or disabled includes 3 classes of people: (1) the physically handicapped, (2) the mentally retarded, and (3) the mentally ill. There is no problem with physically handicapped or mentally retarded people living in these buildings. Unfortunately, however, when the mentally ill move in some new problems arise. For instance a mentally ill person could function quite well as long as he is on medication, but if he fails to take his medication he could become quite disruptive and then the senior population becomes terrified. In other instances a person is fine when he moves in, but has a problem later and relapses into a disturbed state. There have not been many incidents in Minneapolis but those that have occurred have been terrible. The people who manage our public housing are not able to monitor daily medication and provide the support needed by mentally ill people.

At the present time our population of handicapped and disabled people in senior high rises is only 14% and only a very small portion of that group is mentally ill. However the long term trend is different. In Minneapolis we see that 60-75% of the people that vacate senior high rises each month are seniors and half of the people we bring in to fill those vacancies are non-seniors.

While I don't believe there is anything that can be done about this problem in this year's HUD bill, I urge you to look into it, so we can redesign our regulations and laws as necessary to prevent serious problems in the future.

I want to thank you again for the opportunity to appear before you today, and I'd be happy to answer any questions.

Mrs. **Boggs**. Thank you very much.

It is very good to have you here. We are going to miss you very much on the Committee.

Mr. **Sabo**. Thank you. I will be visiting with you some more about these problems.

Mrs. **Boggs**. I certainly relate to all three of the problems which are as interesting to my district as they are to yours.

Is Building 43 a hospital building?

Mr. **Sabo**. It is a hospital building and also contains some administrative facilities.

Mrs. **Boggs**. So it could be converted fairly easily?

Mr. **Sabo**. Very easily. There are rooms that easily could be made into offices and could easily be used. I suppose if you wanted to renovate, lower roof ceilings and everything, you could get into a very expensive process.

On the other hand, in its current form it is a very usable building. It is not a modern hospital facility, but it is a sound building. There was a study, as a matter of fact of whether they should renovate that building rather than building a new hospital and it was concluded that was not feasible, but for purposes other than a big, modern hospital, it is still a very, very usable building and clearly they re not going to tear it down.

They are going to use it for some purpose and in the other consolidation, VA simply did not look at that option at all.

Mrs. **Boggs**. Thank you so much.

Mr. **Sabo**. Thank you.

ENVIRONMENTAL PROTECTION AGENCY

WITNESS

WILLIAM NORRIS, NORTH AMERICAN LAKE MANAGEMENT SOCIETY

Mrs. **Boggs**. May we hear from Bill Norris of the North American Lake Management Society?

Your testimony will become a part of the record, and if you could summarize as you choose.

Mr. **Norris**. Thank you.

My name is William Norris and I am the Watershed Management Official for the County of Albemarle in the City of Charlottesville, Virginia. I am here representing the North American Lake Management Society. Dr. Wayne Poppe was supposed to be here, and that is the name that is on your statement. He sends his regrets for not being able to attend.

Several representatives of our society have testified before this Committee in the past five years and we always appreciate the opportunity you have given us to present our viewpoint and the viewpoint of a wide cross-section of Americans concerned with water quality of our lakes and reservoirs.

The North American Lake Management Society is a unique blend of citizens, water quality professionals, scientists and lake associations. Our membership has quadrupled in these past five years that we have been in existence and we continue to grow. I speak today for those people who enjoy lakes and want to continue to use them for both water supply and recreational uses.

That is nearly all Americans. The society believes the citizens will take care of their lakes given the information and expertise to do so. For that reason we have never pushed for an enormous expenditure of funds, Federal funds through EPA's Clean Lakes Programs, but we do believe that the Federal Government must lead in reversing the trend toward dirty lakes and reservoirs in the country.

EPA must continue to fund the Clean Lakes Program if only to support the necessary applied research the program accomplishes, and to give the states the management tools they need to institute wise management of these vital resources.

I am currently coordinating a Clean Lakes Program in the South, where our watershed is using $500,000 of Federal funds and $500,000 local funds. Once again, EPA has zeroed out Clean Lakes from its budget, yet EPA has just published a review of the first decade of their Clean Lakes Program and has published it jointly with the North American Lake Management Society.

I think you will find that brochure describes a worthwhile cost effective program that is supported by the grass roots of this country and deserves the support of Congress. We are here today to ask that the Congress appropriate a minimum of $5,000,000 for the Clean Lakes Program in 1987 and similar appropriations in the years to follow.

It is not a lot of money but it is something.

The North American Lake Management Society pledges to work with you to assure this appropriation is not an expenditure, but an investment. I appreciate the opportunity to testify before you today and be glad to answer any questions.

Mrs. BOGGS. We are very happy to have your testimony and we have always been grateful for the input your Association has had in our hearings.

We take your comments into good consideration when we mark up the bill. We thank you for coming to be with us.

[The statement of Mr. Poppe follows:]

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STATEMENT OF
DR. WAYNE L. POPPE, PRESIDENT
NORTH AMERICAN LAKE MANAGEMENT SOCIETY

BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS
HUD-INDEPENDENT AGENCIES SUBCOMMITTEE

Mr. Chairman and Members of the Subcommittee:

My name is Wayne L. Poppe and I am president of the North American Lake Management Society (NALMS), a national organization made up of citizens, scientists, lake associations, and water pollution control professionals who are concerned about poor water quality in our Nation's lakes and reservoirs.

For the last five years, NALMS has testified before this subcommittee in support of funding for EPA's Clean Lakes Program under section 314 of the Clean Water Act and for additional research on effectiveness of techniques for restoring and protecting lake quality. Last year we also stressed the need for funding a national program to control nonpoint pollution because nonpoint sources are the most significant contributors to lake pollution. This year we want to stress not only the need for funding section 314 and funding nonpoint pollution control efforts, but also that EPA and State programs are not achieving the needed restoration and protection of lakes and reservoirs and the situation is getting worse. A recent NALMS survey of State agencies found 10 times more degraded lakes in 1983 than in 1970, and the States reported impaired use in over 4,000 lakes and reservoirs because of pollution. In addition, the STEP project conducted by ASIWPCA found that 4 times more lake waters had degraded in quality than have improved in quality from 1972 to 1982 –– a total of 1.7 million acres of lake and reservoir waters were reported to be degraded over that decade. The EPA indicated in the 1984 National Water Quality Inventory that 52% of the lakes reported from 20 states suffer from nonpoint source pollution. The public is disappointed that this water pollution problem is getting worse despite the Clean Water Act and that the Administration's zeroing out in FY 1987 essential EPA activities that could reverse this trend of degradation and the economic and public health damage it causes.

The subcommittee is a trustee of America's waters; it is responsible for ensuring that public funds are spent wisely and that concrete improvements in water quality result from its appropriations. This subcommittee determines which programs receive funding and what the level of funding should be. Today, NALMS is asking you to begin reversing the trend toward dirty lakes and reservoirs in America. Today we would like to identify issues of concern in EPA and State activities relating to lake quality and we wish to provide recommendations for this Subcommittee to resolve these issues in the public interest.

SUMMARY OF NALMS RECOMMENDATIONS

- Level appropriations on the order of $15–30 million should be provided annually for 5 years for EPA's section 314 Clean Lakes Program to allow States time to develop their own self–supporting State lake programs. Phase I and Phase II projects should specifically be mentioned as being eligible.

- Appropriations of $15–20 million should be provided under section 106 for implementation of State nonpoint pollution control programs targeted to priority watersheds with impaired use caused by nonpoint sources. This action is recommended in anticipation of passage of the reauthorization of the Clean Water Act.

- The Committee report should require EPA to submit a report to Congress on the status and trend of lake quality, nationally. The nature and extent of pollution loading from point and nonpoint sources and resulting lake use impairment should be defined.

- The Committee report should require completion by December 31, 1987 of the lake restoration manual begun by EPA in 1984 with appropriations under section 104(h) of the Act and an accounting of the almost $4 million in research funding appropriated for the work leading to the manual. Additional research is needed to develop less expensive restoration and protection methods and to document effectiveness.

- At a minimum, 25 FTE should be provided in EPA's salaries and expenses appropriation to implement the recently completed Nonpoint Source Policy adopted by the EPA Administration.

- At a minimum, 3 additional FTE should be provided to implement the section 314 program and to promote adoption of effective lake restoration and protection programs by the States.

- NALMS supports appropriations under section 106 for implementation of State ground water protection programs in areas vulnerable to contamination.

OUR LAKES ARE BEING LOST

This subcommittee is aware that the lakes and impoundments of this Nation are vital not only for their ecological functions in supporting fish and wildlife but also for the economic basis –– measured in the billions of dollars –– to many local, State and National businesses. Unfortunately, our Nation is losing the battle to keep its lakes clean and the damage may be irreversible in many cases because of the high cost of cleanup. Two years ago we reported the results of a survey of State agencies we undertook for EPA on lake quality problems. About 10 times more problem lakes were found in 1983 than in 1971 and 40 times more lakes –– 12,000 –– were reported by the States to be suffering from nuisance growths of weeds and algae. More than

4,200 lakes were identified with impared use that adversely affects more than 4 million acres of lakes and impoundments. The NALMS survey found that we are also losing the battle against toxic substances. From 7 contaminated lakes 10 years ago, the 38 responding States now have 120 lakes contaminated with toxics. The States indicated that about 5,000 lakes were suffering from excessive levels of sediment. We provided specific examples of polluted lakes and reservoirs in States that many of you on this subcommittee represent.

The degraded condition of our Nation's lakes and reservoirs, especially the toxic contamination and potentially irreversible eutrophication problems, has the citizens very concerned and many of you have heard from your constituents about this problem. However, an even more alarming picture was painted by the results of the ASIWPCA STEP project released in 1984. In that EPA–funded survey of state water pollution control agencies, almost 2 million acres of lakes were reported to have degraded in quality in the decade since 1972. This is 4 times the amount that improved in quality in the decade since 1972 when the Amendments to the FWPCA were adopted by Congress. Because provisions of the Clean Water Act relating to lake protection and restoration are not adequately being implemented, lake and reservoir pollution is getting worse and this deserves the immediate attention of the subcommittee.

EPA PROPOSES NO FUNDING FOR THE CLEAN LAKES PROGRAM

In previous years we described how EPA's Clean Lakes Program under section 314 of the Act focused on implementing lake restoration and lake protection practices rather than just studying problems. Over 87 percent of the total funding has been devoted to implementation, while 7 percent was spent on diagnostic–feasibility surveys. The program is a high–yield, low cost water quality improvement program that has been effective in getting local, State, and Federal interests to cooperate in solving specific water quality problems. The program is voluntary and must be initiated by local or State interest. The 50–50 matching grant nature of implementation projects ensures active participation by requiring local and/or State investments in the project. An EPA audit of the costs and benefits of the Clean Lakes Program found it to be one of the more cost–effective government programs in existence. For every dollar expended by the Federal government, eight dollars in benefits were returned to the public. Unfortunately, since 1981 continuation of this program has been in jeopardy with budget reductions and efforts by EPA to redirect funding for section 314 to other programs. Last year, the struggle reached new heights as OMB pressured EPA to change guidance in mid–year in the hope that the program could be ended. The public is disappointed in these political maneuvers. Water quality continues to degrade. The result is that States are not adopting their own programs and in fact are closing lake programs down. Florida is a good example (with hundreds of degraded lakes) that once had a strong program. With mixed signals from Congress and EPA, Florida ended its lakes program; Maine, Wisconsin, and Washington had to struggle to keep their programs. The desperately needed local/State/Federal partnership for restoring and protecting lakes is being lost and the public is not being served.

This year, the Administration has asked for no funding for the Clean Lakes program. This is a tragedy! In the NALMS lake survey, the States reported a conservative immediate need for $150 million to address priority degraded lakes. The seriousness of the problem is recognized by the States but they clearly cannot handle it alone. They need substantial Federal guidance and financial incentives to develop their own programs. This situation is no different from the construction grants program and financing of municipal wastewater treatment. An adequately funded program is needed to bring the States up to speed in addressing such national pollution problems. Section 314 needs this level of funding if States are to develop restoration and protection programs for lakes.

EPA PROPOSES NO FUNDING FOR NONPOINT SOURCES CONTROL

Recent investigations have documented that nonpoint source pollution causes greater amounts of water quality damage in our Nation's waters than do point source discharges. The NALMS State Lake Survey found that nonpoint sources were the most significant cause of degraded water quality in lakes and reservoirs. EPA's Nonpoint Source Report to Congress indicated that lakes —— more so than other waterbodies —— were being degraded by nonpoint sources. Even the EPA–sponsored National Fisheries Survey found about 40 percent of the Nation's waters to be degraded by nonpoint sources while only 10 percent were degraded by point source discharges. EPA has recognized the problem, has indicated that it has sufficient authority in the Act to address nonpoint source pollution, and has prepared a National Nonpoint Source Policy for achieving abatement. Yet, the Administration has now proposed no funding for nonpoint source control and is only maintaining a small EPA staff working on this issue.

This is not a responsible action. Congress is currently appropriating billions of dollars to treat point source pollution under the construction grants, NPDES, pretreatment, and section 106 programs while point source pollution is only a very small part of the entire water quality problem facing our Nation. A significant staff in terms of FTE in Washington and the regional offices is needed by EPA to implement the National nonpoint pollution control policy. Action is needed not only on the part of State agencies in developing nonpoint control programs but also on the part of Federal agencies whose programs cause nonpoint pollution. Much planning was done under section 208 of the Act and many States now know where these nonpoint problems are. A special appropriation under section 106 is needed to give States incentive to develop nonpoint control programs in priority watersheds experiencing impaired use from nonpoint pollution. EPA should target this funding to States that do not now have the needed capabilities to accomplish this work as an incentive to develop the programs, especially for lake watersheds.

CONGRESS IS NOT GETTING NEEDED INFORMATION

The Congress is not getting the information needed to make necessary decisions on appropriations concerning polluted lakes. Groups that traditionally represent States' views on pollution control emphasize continued funds for construction grants. Wildlife groups concentrate on estuaries and trout streams. Even EPA is not telling Congress how bad lake pollution is. In EPA's Water Quality Report to Congress, submitted in February 1984, there was not one section devoted to lake pollution control or restoration needs. EPA has greatly downplayed the magnitude of damage caused by nonpoint sources to lake quality. We reviewed last year's 305 (b) Water Quality Report to Congress, and while the lakes and reservoirs section was improved, it still seemed to be understating the pollution problems facing lake resources and the restoration needs for achieving Clean Water Act goals. In fact, the report indicated that lakes are of good quality overall.

We are concerned about this information provided to Congress. It seems to be based on a small number of States and jurisdictions (30 out of 56) and only a portion of lakes and reservoirs were assessed. Some States only report on the few lakes they have sampled that year or have data on. For example, Minnesota has 3.4 million acres of lakes but only 17,000 acres have been assessed –– only .5 percent of Minnesota's lakes are included in the report. Others have high average cutoffs and do not report on smaller lakes (less than 200 acres) or only report on point source assessments related to lakes. It was clear from the EPA–funded STEP project that only a very small portion of lakes and reservoirs were adequately monitored to determine status and trends in quality and conditions related to eutrophication. This draft report does not even mention the section 314 Clean Lakes Program, but it provides highlighted "success stories" on 5 lakes where progress has been made. Unfortunately, each of these was a section 314 project, which provided the incentive for clean–up, yet no acknowledgement was made that section 314 was used in restoration.

We were so concerned about this situation that we asked several States what they thought of the report.

From Minnesota:

> After reviewing the 1984 U.S. Environmental Protection Agency (EPA) (Draft) 305(b) Report to Congress, I can state the report does not accurately depict the status of lake water quality in the state of Minnesota. The fact that the report is being used to represent the water quality of the nation and support some generalizations about the condition of the nation's lakes is alarming.
>
> The report overextends its applicability when it uses the information to support several broad generalizations as follows:
>
>> . . . the information presented does not support the statement 'the nation's lakes are of good overall quality.'"
>>
>> . . . the report identifies information provided by 19 state on 3,755 lakes which suggests 36 percent of the lakes are eutrophic; 48 percent were classified mesotrophic; and 14 percent classified as oligotrophic. Information from such a limited number of lakes must be looked at cautiously.
>>
>> . . . the report again uses a limited amount of data (nine states and 1,941,106 acres of lakes) to indicate that 'a high

percentage of the nation's lake acres are of fishable and swimmable quality.'

From South Dakota:

> Concerning the "Lakes and Reservoirs" section of EPA's 1984 draft 305(b) Water Quality Report to Congress, it appears that EPA is using a limited amount of data to make generalized statements about the water quality of the Nation's lakes. Based on the information we have received, it is unclear whether South Dakota lakes are represented at all in this report.
>
> DWNR disputes the statement ' . . . the nation's lakes are of good overall quality, and may, in fact, be of slightly better quality than our rivers and streams.' Lakes usually trap a large portion of sediment, nutrients, and other pollutants entering them whereas rivers and streams receive constant flushing.
>
> The following statement is erroneous, 'This table (Lake Acres Meeting the Fishable/Swimmable Goal of the Clean Water Act) indicates that a high percentage of the nation's lake acres are of fishable and swimmable quality.' This statement is based on 1,941,101 acres. The State of Minnesota along has more unassessed acres than is reported assessed for the whole nation. Nothing more needs to be said about generalizing from such a small amount of data.

From New York:

> The present Administration at U.S. EPA has become quite optimistic in recent years, seeing the lake quality glass as half full as opposed to half empty. . . . The U.S. EPA 305(b) draft report you sent me seems to address water quality issues of the 1960's and 1970's and not the 1980's. Significant numbers of lakes in New York have water quality problems which limit best usage, and we presently have the resources to solve only a small few of just the high priority problems.

Congress cannot make well-informed decisions on funding if it is not receiving complete information. NALMS is concerned about the status of lake and reservoir quality in our Nation and that general reports such as 305(b) do not even include the ASIWPCA STEP report data on trends in water quality the last decade -- with 1.7 million acres of lakes degrading in quality over that 10 year period. This is not progress. This is a set-back for the entire nation. With the information that exists on billions of dollars of damage each year caused by nonpoint source pollution; with billions of Federal dollars being sent on treating point source problems; with point source pollution being only a small part of our Nation's water quality problems; and with the continued degradation of lakes, we recommend that EPA be directed to submit a separate report to Congress on status and trends in lake and reservoir quality. The report should include estimates of economic damage associated with the degraded lakes, nonpoint versus point source contributions of pollution, and an estimate of cost associated with restoring the degraded lakes. In fact, much of this information presently resides in EPA funded Phase I and II Clean Lakes Reports submitted at the end of each of these Clean Lakes Studies. There is a great deal of information that is available, but it does not seem to be reaching Congress.

RESEARCH FUNDING -- ECOREGION APPROACH

EPA's Office of Research and Development has been developing a concept called the Ecoregion Approach. The Ecoregion Approach is a way of identifying areas within a state or region that have similar water quality characteristics or spatial patterns. Many states and regions have diverse landforms with very different water quality characteristics such as coastal streams running through farmland in one part of the state and mountain streams in another part of the state. Existing water quality standards are nationwide values that do not recognize regionally variable water quality in our lakes and streams. This results in overly protective criteria in one area and inadequate criteria for other areas.

We would like to commend EPA for this research on Ecoregions and encourage them to continue working on regional water quality criteria. Realistic water quality standards and criteria that account for these regional differences will not only protect our lakes and streams but will also encourage economic progress.

GROUND WATER POLLUTION DEGRADES LAKES

Ground water is not an isolated resource. It is in dynamic equilibrium with streams, rivers, and lakes. Polluted ground water can affect water quality in rivers and lakes. During FY1985 Congress provided appropriations under section 106 for States to develop ground water protection strategies. While Statewide efforts are helpful, specific areawide protection programs are needed for specific aquifers or acres of States that are vulnerable to contamination. NALMS supports appropriations under section 106 targeted to specific ground water recharge areas for implementing protection programs.

SUMMARY

Our Nation's lakes and reservoirs have suffered terribly from pollution. Over 4,000 of them have been identified as having use impairments, and many more are now deteriorating. Over the last decade, the problem as identified by States has grown 10-fold and action on the part of Congress is urgently needed.

This tragedy can be traced to inadequate implementation of the Clean Water Act. EPA says that they have sufficient authority to resolve nonpoint pollution problems, yet they are not using the authority and they maintain only a small nonpoint source staff. There are mechanisms to deal with ground water protection in sections 102, 106, 208, 303, and 304 of the Clean Water Act, yet EPA does not use them. Section 314 can be used to restore and protect lakes and reservoirs, but the Administration has not proposed funding. This lack of implementation of key sections of the Act is destroying the local/State/Federal partnerships established in the 1970's that was to address lake pollution problems, and EPA is now losing its credibility with the public.

Americans clearly want and deserve clean lakes and reservoirs for safe drinking water, recreation, industrial use, and aesthetic enjoyment. More than half our Nation's population lives within 5 miles of a publicly owned lake! This subcommittee can reverse the worsening trend in pollution of our Nation's lakes by targeting funds to keep programs and by providing specific instructions on use of the funding to EPA. NALMS asks this subcommittee to make a commitment for clean water by supporting our recommendations for funding these key programs and we appreciate the opportunity to testify before you.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESSES

JAMES LESCAULT, URBAN EDUCATIONAL SYSTEMS, INCORPORATED

KAREN LEDGER, PREVENTION OF ARSON COMMITTEE, SPRINGFIELD, MASSACHUSETTS

FRED RINGLER, EXECUTIVE DIRECTOR, PEOPLE'S FIREHOUSE, BROOKLYN, NEW YORK

Mrs. BOGGS. May we please hear from James Lescault, the Urban Educational Systems, Incorporated.

Mr. LESCAULT. My name is James Lescault, Executive Director of Urban Educational Systems, Incorporated of Boston, Massachusetts.

I am here to speak on the United States Fire Administration. I understand there was a little mix up. There are two other people. We realize our time is very short and I would like to introduce them now: Karen Ledger from Springfield, Massachusetts, and Fred Ringler, the Executive Director of People's Firehouse in Brooklyn, New York.

Mrs. BOGGS. I am sure the Chairman would ask me to extend his very special greetings to you and regrets that he can't be here, but he is in another Committee meeting that, unfortunately, has deprived you the privilege of being with him.

We will, of course, make your testimony a part of the record.

Mr. LESCAULT. We are submitting our written testimony. I would like to very quickly just highlight for you one section of the testimony. Specifically, I would like to talk about the Community Anti-Arson program that is established within the United States Fire Administration. It is in the second year of funding.

It is a very small program that has been allocated $300,000 per year and that money has been going to community groups across the nation to establish very active anti-arson programs and incorporate fire prevention into those programs.

During a recent hearing when the Administrator of the USFA, Clyde Bragdon, who is a friend of this Committee, was asked if he felt the Community Anti-arson Program compared to the larger Community Fire Prevention Program had leveraged—which of the two programs had leveraged more money, he admitted that the Community Anti-arson Program had leveraged quite a considerable amount of money. If he had to choose between the two programs, he would go with the Community Volunteer Program because he felt the anti-arson programs could be incorporated into it.

This sounds rational and fair on the surface. We looked at the reports of the Community Volunteer Fire Prevention Program from last year and none of the organizations, and this is $3 million that has been spent in the same amount of time, have incorporated anti-arson programs or have leveraged in institutionalized programs to maintain, used it as seed money to contain it.

So I would encourage that when the Committee makes recommendations on those programs, that if there is going to be any kind of comparison or consideration of elimination, they look very closely at which programs have not only had the greatest policy impact at the local level in the establishment of permanent mechanisms when they make those decisions.

If I may, I would like to let Ms. Ledger make a brief comment.

[The statement of Mr. Lescault follows:]

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Testimony of

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Before the
HOUSE OF REPRESENTATIVES
APPROPRIATIONS SUB-COMMITTEE ON HUD & INDEPENDENT AGENCIES

May 8, 1986

I would like to thank the members and staff of the Appropriations Sub-Committee on HUD & Independent Agencies for providing me the opportunity to present testimony before this committee once again.

Attached is my recent testimony submitted to the House Subcommittee on Science and Technology, regarding the re-authorization of the USFA. The following topics are covered in the testimony:

1) An example of the type of activities undertaken by the CBO'S - citing Stop Wasting Abandoned Properties located in Providence Rhode Island.

2) Current relationships between the USFA and CBO's.

3) An example of CBO's role in the development of Arson/Fire Prevention Partnerships.

4) The need to retain the USFA.

Mr. Chairman, fellow Committee members, from the oral and written testimonies that you will be receiving today, concerning the Community Anti-Arson Program, administered by the USFA, it is our intention to demonstrate the following points: the vital role CBO's are playing in reducing arson/fire incidents in their respective communities; the ability of these groups to leverage additional funding from the private/public sectors; the development of partnerships at the local level; the active participation in local and state policy issues; and the institutionalization of arson/fire prevention into the mainstream philosophy of the local/state administrative and legislative process.

Based upon these testimonies and their inherent support for the continuation of funding for the USFA, I would like to make the following recommendations:

1) Appropriations of funds at the FY'86 level to the USFA.

2) Community Anti-arson Program - $1,000,000.

The Community Anti-Arson Prevention Program is only in its second year of funding, with USFA's total allocation remaining at $300,000. through both years accompanied by the decision to include more organizations by lowering the ceiling amount allowed to any one group from the initial $50,000. to the present $25,000. Although the idea of expanding the number of programs is worthy, the rational of reducing the amount any one organization can receive is at the very best a limiting factor. During the recent hearing of USFA officials before this committee, the Administrator of USFA, Clyde Bragdon, was asked to compare two programs presently being administrated by his agency, the Community Volunteers Fire Prevention Program and the Community Anti-Arson Program. Specifically he was asked to assess which of the two programs were more capable of leveraging additional funding, he responded that he felt that by the very nature of the CBO's involved with the Community Anti-Arson Program enabled them to secure more additional funding. Further questioning asked him to be more specific, for instance, if he had to choose between the two programs which one would he continue. Mr. Bragdon responded that if he had to choose, he would continue the CVFPP, because of the way the program is written, many of the CBO's would be eligible to participate/compete, whereas the other way around, most of the presently funded programs under the CVFPP would be ineligible under the Community Anti-Arson Program. Although this sounds rational and fair on the surface, the premise needs further investigation and discussion. Having reviewed the end of the year reports on the CVFPP Program, and it should be noted that I feel these programs are very well intended and the service organizations administering these programs are worthy and vital providers to their respective communities, I must admit that I was somewhat displeased to realize that none of these organizations integrated arson/fire prevention into housing issues or worked towards rectifying structural inadequacies such as policy issues and the implementation of model anti-arson procedures. This being the case, I have a very hard time envisioning the inclusion of the CBO's presently administering the Anti-Arson Programs into the CVFPP. The other issue is the fact that most of the CBO's have secured additional money and have made monumental strides in the institutionalization of these programs. It is our opinion that the cost effectiveness of the CBO's programs far outweigh the CVFPP's. The hard fact of the matter is that the CVFPP has been allocated $ 3 million while the Anti-Arson Program has only received $ 600,000. It is our opinion that if we are ever going to get the arson/fire problems under control, then we as a nation must utilize the existing models that have the greatest positive impact that incorporates the greatest number of disciplines by developing partnerships. Therefore, I would request this committee to recommend the elimination of the CVFPP with additional money being allocated to the Community Anti-Arson Program. The allocation requested is in the amount of $1 million.

3) Residential Sprinkler System Program - $2,500,000.

For FY'87, we would like to see this committee maintain its committment to the concept of residential sprinkler systems and to the appropriate $2,500,000 in this program. We would encourage this committee to write into the joint managers statement, that $1,000,000 be used to continue the demonstration projects to retrofit buildings with residential life safety systems and target these towards community-based, national technical assistance and housing organizations throughout the United States.

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Before the
HOUSE of REPRESENTATIVES
SUBCOMMITTEE on SCIENCE and TECHNOLOGY

March 12, 1986

Mr. Chairman, Members of the Committee, my name is James Lescault and I am the Executi Director of Urban Educational Systems, Inc.. Urban Educational Systems, Inc. (UES) is a private, non-profit organization whose principal purpose is to assist in and advance arson/fire prevention and neighborhood stabilization. Incorporated in 1977, UES is particularly concerned with addressing the causal factors related to arson and fire, with an emphasis on the development and dissemination of techniques and strategies to reduce the occurance of arson and fire.

Urban Educational Systems is unique in that its emphasis and capability spans the whol spectrum of arson/fire prevention efforts, from basic research on arson to the development and implementation of arson/fire prevention programs and the provision of technic assistance services. UES is also unique in that its geographic area of service is bot national and local in scope: it has developed arson data systems that have nationwide applications, yet it provides technical assistance services to the smallest organizations.

I would like to thank the Subcommittee for the opportunity to present testimony on the future of the United States Fire Administration, the National Fire Academy and the Center for Fire Research.

It was approximately one year ago that representatives from Urban Educational Systems, The People's Firehouse and Stop Wasting Abandoned Property presented testimony before this committee. The testimony submitted, both oral and written, was comprised of the following topics:

1) constructive criticisim and review of the original language embodied in the 1974 Federal Fire Prevention and Control Act.

2) perception of the arson/fire problem from the viewpoint of community-based organizations (CBO's).

3) the role and activities performed by CBO's engaged in arson/fire prevention efforts.

4) analysis of the relationship between USFA and the CBO's.

This testimony was prepared to assist this committee in undertaking the arduous task of analyzing the 1974 Act and assessing USFA's performance in carrying forth this Act' mission statement and overall goals. Thanks to the good judgement of this committee, the USFA was re-authorizied to continue the original mission - to provide for a fire safe America, with specific recommendations to enhance the realization of this mandate. We applaud the committee's decision to re-authorize the USFA, demonstrating its confidence and committment to a National focus on the prevention of fire. One recommendation put forth by the committee that reflected one of our concerns addressed the issue of including more non-fire service personnel in both NFA and USFA programs. As your committee's report stated;

> " Although recognizing both the limits of available funding and the importance of firefighters, the Committee believes that the NFA, as

> well as the USFA, should bring groups other than firefighters into the fire problem. The Committee believes that architects, engineers, materials experts, burn specialists, social scientists, community-based organizations, insurance companies, and other groups can all contribute more to reducing fire losses than they do at present. The Committee encourages the NFA and USFA to work with these groups."

This recommendation not only encourages but allows the USFA and NFA to actively solicit and obtain the cooperation of these various disciplines that can assist the fire servic either programmaticly, financially or through policy development, in reducing the overall fire problem facing this nation.

While last year's testimony gave an in-depth description of the CBO perspective of the arson/fire problem, I would like to quickly summarize that viewpoint. Although the siz approaches and longevity in administrating community-based arson/fire prevention programs differs between each organization, the fundamental philosophy espoused by all of these organizations is consistently proactive in nature and prevention orientated. The arson and fire problem impacting their various neighborhoods and the nation as a whole is approached by the CBO's by utilizing community development strategies at the neighbo hood level to reduce the conditions and incentives that lead to arson, fire in general and deteriorated housing. The following is an excerpt of testimony from Fred Ringler, Executive Director of The People's Firehouse, Brooklyn, New York, before this committee which best describes these strategies:

> " The goal of these strategies is to actively involve neighborhood residents in stabilizing and revitalizing their community by developing programs that encourage local participation. Within the context of community-based arson/fire prevention programs, direct intervention, outreach, public education, research, technical assistance, housing mangement and development strategies are critical components of the arson/fire prevention model."

CURRENT RELATIONSHIP BETWEEN USFA AND CBO's:

The historical relationship between CBO's and the USFA over the past eight years, has not always been one based on mutual understanding and positive interaction. However, over the past few years that disposition has improved dramacticly, partially due to USFA's development and funding of community-based anti-arson and fire prevention programs within the agency's overall budgetary planning process. Both sectors, USFA and the CBO's, have learned from each other, concerning the inherent problems facing each respective sector and the commonalities in their overall goals. This is the direct result of honest, ongoing dialogue and programmatic interaction.

As or even more important than this improvement in communication is the positive result being generated by the CBO projects in such a short period of time. The initial small grants awarded by USFA has enabled the CBO's, in almost every case, to leverage additio al financial resources. These USFA awards have given credibility and legitimacy to the role of CBO's providing arson/fire prevention programming in the eyes of both funding sources and the local fire service community.

To further demonstrate the cost effectiveness and innovative techniques used by these CBO's, I would like to review for the committee one site specific project's accomplishments to date. That USFA funded project is the Providence,Rhode Island, Anti-Arson Coalition, administrated by the organization, Stop Wasting Abandoned Property.

Stop Wasting Abandoned Property (SWAP) is a nationally recognized urban homesteading program. They were created in 1976 by community leaders who were seeking a way to stop abandonment in Providence, Rhode Island. Their long range goal was the preservation and rehabilitation of abandoned houses in that city. It was this organization's belief that with the realization of this goal that they would not only make Providence a more desirable city to live in but would also decrease the environment for further arson and abandonment by renovating vacant, high risk buildings.

One program that they have developed to achieve their goal of halting abandonment was the creation of the Providence Anti-Arson Coalition. In the fall of 1980 the SWAP Board, staff and community residents went through an extensive analysis of the organization and its progress in achieving its goal of neighborhood revitalization through homesteading. One of their conclusions at that time was that arson had become a substantial problem in the Providence area and was one of the chief reasons the number of abandoned properties had not decrease despite SWAP's numerous sales and renovation successes. Not only had this homesteading program leveraged $1.2 million in federal grants to realize a return of $4.16 of private investment for every public dollar invested in this program, but they had sold 413 buildings, resulting in at least 850 newly rennovated housing units. Of these homesteaders 90% were first time buyers, 90% were low to moderate income according to HUD guidelines and 2/3 were minority. Based on this conclusion, that arson had become a major problem, SWAP decided to develop a city-wide anti-arson program. In 1981, funded by a small seed grant from Old Stone Bank's Charitable Trust and supported by SWAP's general operating funds the organizing of the Anti-Arson Coalition began.

Since the inception of the Providence Anti-Arson Coalition, the organization has received technical assistance in understanding the arson/fire problem from a structural viewpoint and has incorporated prevention strategies into their housing revitalization efforts. The recent funding that the Providence Anti-Arson Coalition has received from the USFA during the past two years has enabled them to make great strides in fighting arson not only in Providence but through-out the state of Rhode Island. The Coalition has used the USFA money to leverage other monies to expand the program, create and change policies and develop new projects. The following are examples of those activities:

* In cooperation with the City Arson Prevention Unit, the Coalition obtained a Ford Foundation/Insurance Committee for Arson Control grant which provided funds for the purchase of a computer and software to create and test a computerized early warning system which has proven effective and will be implemented city-wide during the next 6-9 months.

* Leveraged $50,000 of Federal-to-State Justice Assistance Act funds to create and staff a city Anti-Arson Task Force of which the neighborhood Coalition is just one component along with municipal, business, including insurance and fire representatives.

* Conducting a comprehensive study of what is needed to create a school education program in Arson and Fire Prevention and Safety, as well as to develop an effective Juvenile and Child firesetters counseling program.

- Currently are attempting to obtain an additional $50,000 in state surplus money to augment the Justice Assistance money to be used specifically to fund a Juvenile Firesetters Education and Counseling program.

- Creation of municipal tax lien legislation which enables the city to recuperate any outstanding city liens from an Insurance claim prior to the owner receiving the payment.

- Insurance Disclosure Legislation law requiring nonowner occupant owners of four (4) or more units to give the city information pertaining to who holds their insurance policy and how much it is for. This law was passed in 1982 through the efforts of the Coalition, but has proven ineffective because of problems in noncompliance and questions about jurisdiction for enforcement.

- Anti-Arson Insurance Application passed through the state legislature in 1985 and then determined to be too cumbersome as to be ineffective. The Coalition worked with the Insurance Companies to draft and pass amendments to the law in 1986 to streamline the process of using the mandatory application.

- The Providence Anti-Arson Coalition through its neighborhood based efforts has succeeded with holiday neighborhood arson watches to make Providence one of the quietest cities on the Fourth of July, after five years of holiday watches 1985 was recognized as the quietest Fourth of July in twenty years of the city's history.

PROVIDENCE, RHODE ISLAND'S FIRE STATISTICS - 1983-1985:

	1983	1984	1985	% change from 1983-1985
OCCUPIED BUILDING FIRES	711	622	515	-28%
VACANT BUILDING FIRES	198	108	95	-52%
TOTAL BUILDING FIRES	909	730	610	-33%
INCENDIARY FIRES	245	216	224	- 9%
UNDETERMINED FIRES	24	6	14	-42%

- The total number of building fires has decreased through the three years, but the number of incendiary and undertermined fires has increased in the last year, as has the percentage of incendiary fires to total building fires. There are two theories about this. One is that the fire department has improved both at preventing fires and detecting incendiary causes, which combined would cause the percentage increase. The second theory is based on the fact that there was a period of months when the fire department did not have the manpower needed to do effective cause and origin scene investigations and the persons setting the fires soon learned this and knew that the chances of getting caught were even lower than usual for that 3-5 month period; thus there was an increase in incendiary fires without a corresponding increase in building fires overall.

While empirical evidence can be produced to demonstrate the positive reduction in the overall incidences of arson/fire in almost all of the other CBO's targetted areas, another less quantitative but as vital result has concurrently been obtained. These CBO's have been as successful as the Providence Anti-Arson Coalition in not only educating the public in arson/fire prevention methods but have also mobilizied individuals and organizations, representative of the local public/private sectors. These endeavors have stimulated and expanded the awareness and participation of new sectors never before involved with the issue of arson and fire. The creation of these partnerships at the local level is considered paramount by the USFA for the overall reduction of the national fire problem.

AN EXAMPLE OF CBO'S ROLE IN THE DEVELOPMENT OF ARSON/FIRE PREVENTION PARTNERSHIPS:

INTRODUCTION

A partnership is a structure that fosters cooperation among individuals and organization for mutual benefit. Participants in the partnership contribute to the benefit of the larger community while promoting their own individual or organizational interests. A partnership in fire and arson prevention would ultimately include the fire service, community organizations, the insurance industry, service organizations, local government, federal agencies concerned with the fire issue, foundations and corporations.

A forum in New York City was held on January 18, 1985, and was sponsored by Urban Educational Systems and the People's Firehouse. A similiar forum was held in San Francisco, sponsored by Urban Educational Systems, the People's Firehouse and the National Firehawk Foundation. Financial support for both forums was provided by the Ford Foundation and the U.S. Fire Administration.

PURPOSE OF THE FORUMS

These first two forums on partnerships concentrated on the fire service and community-based organizations because these are the two sectors that are clearly most concerned about fire in their communities. These two sectors are key to developing prevention partnerships. Community-based organizations, for example, have recently worked to obtain federal funding for the development of arson and fire prevention partnerships and have otherwise spearheaded the effort to realize partnerships in this area. These forums were held to bring together representatives of the fire service, from the federal, state and local levels and community-based organizations to discuss mutual concerns and interests and how these can be advanced through the formation of prevention partnerships. It is our contention that without viable, working local partnerships, arson and fire prevention efforts will tend to be less than successful. Future forums, which are presently being developed, will include representatives from other sectors to discuss their roles and responsibilities in making partnerships as widely representative as possible.

The specific purpose of the forums was to develop an agenda outlining how a partnership could be realized. In this regard the forums addressed the issues that have kept apart fire service and community organizations and how these issues could be productively addressed so that a strong national partnership can be established.

A report containing a summary of each of the two forums, organized by topical area, followed by a suggested agenda for realizing partnerships at the local, state or national level, is presently being printed. Copies of this report will be forwarded to this committee for your review.

It is Urban Educational Systems opinion that the philosophy inherent within these CBO programs and the positive results being produced has gained the understanding, trust and support of the administrators of USFA. It is anticipated that with closer monitoring and evaluation of these programs, during the present fiscal year,descriptions of these model programs will be produced by USFA for national dissemination. It is the CBO's contention that with the continued support and promotion by the USFA of these types of programs the eventual result will be in the further reduction of the national arson/fire problem.

THE NEED TO RETAIN THE USFA:

Once again we are faced with the Administration's initiative to eliminate the USFA. Your committee will be receiving expert testimony on the national statistics, regarding the arson/fire problem in the United States. I will not duplicate that effort, but rather caution the committee members to review the situation in terms of total numbers not just percentile variences. While viewing these figures with sensitivity and taking the existing statistics as being adequate, can we really consider America as being fire safe? The United States still has one of the highest rates in deaths and injuries per fire, total number of fires and dollar loss per fire in the industrialized world!! To just say that we have experienced a recent decline in the arson/fire problem in the U.S. is not a sufficent or rational reason to eliminate the Federal entity that is responsible for those decreases and to walk away from the problem. The numbers are still too high and costly both in human and economic terms. The national decline in arson/fire is only the beginning in the reversal of what can only be described as a monumental problem. A problem that we are finally getting a handle on but will need an aggressive campaign, incorporating the various sectors within our society, spearheaded by the USFA.

One private sector that needs to be incorporated into this national effort is the insurance industry. A recent conversation with a representative of one of the top ten companies that provides property/casualty coverage in the U.S. revealed the following data:

	1982	1985	% CHANGE
TOTAL NUMBER OF FIRE CLAIMS	5,000	2,000	-60%
TOTAL DOLLAR AMOUNT PAID OUT IN FIRE CLAIMS	$1.16 (M)	$1.93 (M)	+40%

* 1984-1985 witenessed a 14% increase in arson fires.

This insurance company is recognized as having one of the best prevention philosohy within the industry and a very strong arson and fraud unit. This could be one reason for the overall decrease in the number of fires but doesn't explain for the 14% increase in arson fires over the last year or the increase in the dollar loss per fire over the last three year period. How this insurance company and others will respond to these financial losses can only be the subject of speculation at this time. Two possibl scenarios are as follows; the cancellation of large numbers of policies thus reducing their risks, resulting in the exposeure of many property owners and residents to potentia financial disaster if fire occurs and/or the increase of policy premiums beyond the affordability of those in greatest need of coverage. The USFA could and should be the impetus in bringing representatives of the insurance industry and other sectors together to collectively address these problems and to develop and implement plausable solutions.

Another justification for the retention of the USFA concerns the Federal cutbacks in certain programs as mandated by the Gramm-Rudman Act and their potential adverse impact on the arson/fire problem in the U.S.. For example:

1) What will be the effects of lost general revenue sharing money upon the local fire departments' capability to provide sufficent levels of protection in both suppression and prevention programming?

2) If Community Development Block Grants are dramaticly reduced or eliminated, what will the loss of these vital funds, earmarked for targetted audiences in depressed neighborhoods have on their chances for economic and housing revitalization versus disinvestment and deterioration?

3) What will the elimination of Federal deep subsidies, presently funding both new construction and rehabilitation projects, have on the housing market?

4) How will the proposed tax revisions impact on the future arson/fire statistics, whereby tax shelters, presently the cornerstone of most major housing financing packages, will be eliminated?

It is UES's expert opinion, based on past experiences, that when there exists severe housing pressures, contracting from various sources, as envisioned in the previous analysis, that the incidence of arson/fire increases proportionately. For over eight years UES and the CBO's have advocated for the inclusion of this analysis by the fire service community, while continuing to educate, encourage and promote the importance of the USFA as the national focus and coordinating body, with the potential to develop intregrated systems and programs that adequately address the total fire problem. This advocacy has prevailed even with the CBO perception of the arson/fire problem being solidly based in local intervention strategies. The CBO's have perservered through-out these years in attempting to justify their role in prevention in the eyes of the USFA and the fire service community. At times these two sectors have been in direct confrontation with each other but never has the CBO belief in the need for a strong National Fire Prevention Organization, such as the USFA, diminish or waiver. It has often been said that the CBO's have been the harshest critics of USFA, but it should also be said that they have been one of the USFA's most ardent supporters and proponents.

If the United States, as a nation, is to continue to reverse and eventually eliminate the present state of emergency, concerning the arson/fire problem, then there exists the need for national assistance, coordination, promotion and funding of the most logical, time proven, innovated and cost effective prevention programs. The United States Fire Administration has been and should continue to be that nationally focused entity.

I encourage this committee to assist this nation in the elimination of one of its most vile enemies, arson/fire, by re-authorizing the USFA to carry forth the mission to obtain a fire safe America.

The following is a list of those activities which should be the objectives and goals of the USFA:

1) To provide a national focus on the prevntion of fires.
2) To coordinate task forces comprised of Federal Agencies and other public/private sectors to set policies, goals and programs, along with the creation of new resources.
3) To complie and analyze statistical data concerning the arson/fire problem.
4) To encourage and conduct research of innovated preventive technologies.
5) To develop and fund model prevention programs for national dissemination.
6) To promote the development of Public/Private Partnerships at the Federal, State and LOcal levels.

Ms. **Ledger**. My first opportunity to meet with this committee was in 1984 after the Springfield Prevention of Arson Committee had been operating without funds for three years. Our initial grant of $20,000 from the United States Fire Administration's discretionary funds assisted in leveraging $15,000 from our State's Executive Office of Community Development.

Another $15,000 from that same source is on its way to us at this very moment, resulting in 150 percent growth on that initial investment.

Our organization has expanded its initial neighborhood composition to include many others, including housing agencies and service organizations. The partnership of our local fire department arson squad through work on establishing a juvenile fire service program is extending the network further by working with the Mental Health and Education communities, Massachusetts Fair Play, and the State Fire Marshal's Office.

Recently national conferences have received support and our development has been assisted by in-kind donations, solicitations and support from local foundations and private industry. Municipal support has aided our cause, as well. To ensure our future and in realizing how the Federal role was to help us with our arson prevention work, the Prevention of Arson Committee has been working with other community organizations in the State to have a permanent funding mechanism established.

Long ago we realized this was needed in the Commonwealth to provide resources for arson and fire prevention activities. It was also recognized that there was a need for the coordination of efforts undertaken by fire service and non-fire service persons to ensure cost effectiveness and greater impact on the arson and fire prevention program.

For these reasons, much work is being done to support our State House Bill 4175 whereby $500,000 will go to the Executive Office of Communities and Development, $200,000 to the Executive Office of Public Safety, $125,000 to the Department of the Attorney General, $125,000 to the Executive Office of Community Affairs, $50,000 to the House Committee on Post Audit and Oversight, and $500,000 to local fire departments.

This will total $1,500,000 to be administered by the Executive Office of Public Safety.

We are hopeful that the Federal funding will continue for other new community organizations so that they may also have the opportunity of a good start.

[The statement of Ms. Ledger follows:]

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Prevention of Arson Committee

AMERICA'S
BURNING

TESTIMONY OF

KAREN D. LEDGER
PRESIDENT
PREVENTION OF ARSON COMMITTEE
25 ST. JAMES AVENUE
SPRINGFIELD, MASSACHUSETTS 01109

BEFORE THE

SUB COMMITTEE ON
HUD - INDEPENDENT AGENCIES
OF THE
HOUSE APPROPRIATIONS
COMMITTEE

MAY 8, 1986

60-761 1924

TESTIMONY PRESENTED BY KAREN D. LEDGER, PRESIDENT
PREVENTION OF ARSON COMMITTEE, INC.
SPRINGFIELD, MASSACHUSETTS
TO: THE HUD AND INDEPENDENT AGENCIES SUB-COMMITTEE
DATE: MAY 8, 1986

Thank you for allowing me this opportunity to once again present testimony before this committee.

When first I met with you in 1984, the Prevention of Arson Committee in Springfield, Massachusetts had been operating since May, 1981 on a strictly volunteer basis. Subsequent to those 1984 hearings, our organization was awarded money from the Federal Emergency Management Agency, United States Fire Administration's discretionary funds.

This Federal assistance helped pave the way and opened up other avenues of funding for us. The initial grant received assisted us to leverage money from the Massachusetts Executive Office of Communities and Development.

Because we were nurtured and allowed to grow, each day we see a new potential not just for ourselves, but other community based organizations as well.

In an attempt to support the creation of a permanent program for the State, the Springfield Prevention of Arson Committee has been one of many groups working diligently to promote the passage of Massachusetts House Bill #4175 in order to establish the Massachusetts Arson and Fire Prevention Program.

This program would be funded in its entirety by fire and automobile insurance companies licensed to do business in the state. This would be five-tenths of one percent (but not less than $1,500,000) of the gross premium receipts from policies containing fire perils, less premiums returned on cancelled policy contracts and less dividends and returns of unabsorbed premium deposits of all fire and automobile insurance companies.

First year funding would not exceed $1,500,000. and would be administered by the Executive Office of Public Safety. H.B. 4175 would for the first time ever in Massachusetts, establish a permanent funding mechanism to provide resources for arson and fire prevention activities. Just as importantly, it would help coordinate the efforts undertaken by the various disiplines, both fire service and non-fire service, thus ensuring the greatest cost effectiveness and overall positive impact upon the fire and arson problem facing us all today. Fire and arson is not only endangering our residents and firefighters lives and safety, but it is also robbing us of our vital housing resources, depleting our infrastructure, eroding our municipal tax base, creating an atmosphere of disinvestment and overall destabilization within our neighborhoods and communities.

With the successful passage of H.B. 4175, we as a state can proceed in establishing the necessary partnerships needed to reverse this present dilemma and create a safer, more properous state for all of our residents.

$500,000. would go to the Executive Office of Communities and Development for grants, contracts, or technical assistance to community based organizations, municipalities, and fire and burn education and prevention organizations to conduct arson and fire prevention activities, including the coordination of such activities with housing and community revitalization efforts. This component of the grant program would be administered by the Executive Office of Communities and Development in consultation with the Secretary of the Executive Office of Public Safety.

Over the last ten years community organizations across the state have committed themselves to the reduction of fire and arson by the implementation of community development approaches to resolving neighborhood problems. This community development approach assumes direct intervention on the part of community organizations and the use of various community development strategies to reduce the conditions and incentives that lead to arson, fire in general, and deteriorated housing. The goal of these strategies is to actively involve neighborhood residents in stabilizing and revitalizing their community by developing programs that encourage local participation.

One perspective community based organizations view the fire problem from is that of a housing issue. Being viewed as a housing problem dictates certain housing interventions/development strategies that address the incentives or conditions which result in fire, arson, and building decline. Viewing fire as a housing or infrastructure issue defines the problem as both a structural and behavioral problem that impacts on management, development, public education, human and economic issues. This perspective views the issue of fire as both a cause and effect of housing deterioration and community decline. This perspective sees most fires as being preventably given adequate resources, committment, consistency, citizen involvement and development of local public/private partnerships. Since housing is probably the most important community resource and the most basic community service, the prevention of fire is extremely important from an overall community stabilization standpoint and those life safety issues that concern community residents.

Springfield is fortunate to have its' fine neighborhood council network. Our organization, for one, is grateful that it exists, for it provided the initial ladder need to step up to a City wide program. While this ten year old network was good, we find it getting even better.

In 1985, our second conference was held with great success. Hosting over 80 attendees this event was well supported by municipal departments.

Successful Arson/Crime Watch Clubs have been established and Arson Prevention Signs that publicize "Stop Neighborhood Burnout" and warning "This Property Is Being Watched", have been installed on 14 at risk properties in the North End, South End, and McKnight areas of the City.

Distribution of educational brochures and visibility at many neighborhood and other events have resulted in the establishment of many new relationships. Most important to us are those new links with housing agencies including Brightwood Development Corporation, Springfield Neighborhood Housing Services, Springfield Redevelopment Authority, and Valley Real Estate, Manager in the Hollywood section of our South End.

While we've always had the pleasure of working with a professional open-minded Fire and Police Department, from which our Arson Squad is formed, we now find ourselves truly sharing new interest and excitement in together researching the possibilities of establishing a full fledged Juvenile Firesetters Program. Each faction would have its own responsibilities in such a program, but would be working together to achieve common goals.

The Mental Health and Education communites are rallying around this issue and the Prevention of Arson Committee sees not only potential for its own growth, but the growth of this valuable network as well.

We feel it important to remember that through our growth there have been many contributions of personal and municipal time, along with donations of services and goods needed to supplement most city wide programs. Much time has been given for the purpose of proposal writing and the never ending investigation of other possible funding sources.

It was my intention to leave you today with a clear picture of how diligently we and other community based organizations are working to save our cities from fire. It is my hope that I have done us all justice.

Thank You.

Mr. RINGLER. I am Director of the People's Firehouse located in Williamsburg, Brooklyn. As Mr. Lescault pointed out, we are here to talk about the United States Fire Administration and the Federal Emergency Management Agency. I will make my comments brief, but I would like to say that probably there has been no group that has been as critical of the United States Fire Administration and the Federal Emergency Management Agency over the years.

The community-based organizations have fought long and hard and have appeared before this Committee. I guess this is the third year that we have testified. I am very happy to say that many of our criticisms that we thought were made in a very constructive vein, have been integrated into the USFA's programs. The two major burdens I would like to briefly talk about that mirror the USFA's commitment to communities is the Community-based Anti-arson Program and the Residential Sprinkler Program.

Two years ago when we first came before the Committee we talked about the need for arson prevention activities at the local level, and the importance of the United States Fire Administration from the standpoint of being able to leverage Federal dollars with local funds.

I would like to point to my organization as an example, as I have in the past. I will refer back to my testimony, but just to say that we took our original $50,000 grant from the U.S. Fire Administration and we are able to leverage it into $300,000 in various other private and public sector funds. A good portion of that was also community development funds, so this Committee has purview over two distinct funding sources that support most of our organization.

We are asking that this Committee seriously recommend that one million dollars be appropriated to the Community-based Anti-arson Program, the reason being that each one of the groups, as has been acknowledged by the U.S. Fire Administration and by Clyde Bragdon, the Administrator, has taken a small amount of Federal dollars and leveraged it into a larger amount of money.

We feel during this time where there are many Federal cutbacks, this is very important and should be one of the things the Committee seriously considers.

The other thing is that many of the Community-based Anti-arson groups not only do arson prevention work, but also do fire prevention work in our communities. Again I will refer back to my testimony in which there are statistics that I have compiled to indicate the kind of successes that we have had with this particular program.

The second program I very briefly would like to mention is the Residential Sprinkler Program which is a new program for us. Again, for the last few years we have discussed before this Committee the importance of residential sprinklers. I don't think any of us can deny their effectiveness and the need to have them as a preventive device.

I think that is true in every community. Last year we talked about asking this Committee to appropriate $2.5 million to the U.S. Fire Administration to continue the Residential Sprinkler Program. We would like to again ask this Committee for fiscal year 1987 to appropriate the same $2.5 million for the program.

The U.S. Fire Administration recently made a commitment to my organization in the amount of $250,000 to develop the largest national demonstration project to retrofit buildings in urban communities.

We are about to begin that particular program. I would like to say that while the grant request is still being processed by FEMA, there seems to be a little tie-up in the bureaucratic process, but while that grant is being processed, we have leveraged somewhere around $100,000 to $150,000 in private sector contributions from the Electrical Manufacturers Association, the Sprinkler Pipe Associations and some of the other trade associations.

Before this project is over, which will be once we finally get the money, which we hope will be one year, we think we will have leveraged at least the amount of the grant.

So just in closing, I would like to say that we would like to see this Committee at least, at the bottom line, fund the United States Fire Administration at its fiscal year 1986 level and seriously consider writing into the joint management statement when you sit down with the Senate, the recommendations that I have made in reference to the Community Anti-arson Program and the Residential Sprinkler Program.

Thank you.

[The statement of Mr. Ringler follows:]

PEOPLE'S FIREHOUSE INC.
HOUSING AND COMMUNITY DEVELOPMENT CO.
113 Berry St., Brooklyn, N. Y. 11211 (718) 388-4696

ADAM VENESKI, Pres. FRED S. RINGLER, Executive Director

TESTIMONY BEFORE THE APPROPRIATIONS COMMITTEE
SUB-COMMITTEE FOR HUD AND INDEPENDENT AGENCIES

SUBMITTED BY: FRED S. RINGLER, EXECUTIVE DIRECTOR
THE PEOPLE'S FIREHOUSE, INC.
MAY 8, 1986

TESTIMONY BEFORE THE APPROPRIATIONS COMMITTEE
SUB-COMMITTEE FOR HUD AND INDEPENDENT AGENCIES
SUBMITTED BY: FRED S. RINGLER, EXECUTIVE DIRECTOR
THE PEOPLE'S FIREHOUSE INC.
DATE: MAY 8, 1986

OVERVIEW AND RECOMMENDATIONS

I would like to take this opportunity to once again thank the members and staff of the HUD and Independent Agencies Sub-Committee for your support over the years and for giving me the opportunity to testify today. As you know, this is the third year that you have allowed testimony from representatives of the community based sector. In previous years we have attempted to stress the importance of community involvement in the prevention of fire and arson. During the previous years we have provided you with what we consider to be constructive criticism of the United States Fire Administration and FEMA and how we see our involvement vis a vis these agencies. Over the last three years we have also attempted to stress the importance of developing "partnerships", the importance and critical nature of funds from the USFA for program and administrative support, and the use of USFA funds as a "leverage" for other public/private dollars at the federal, state, city and local levels.

Today, I come before you to once again stress these important concerns and to reaffirm our committment to fire/arson prevention at the local level. I also come before you to indicate our concern for how these programs will continue to function in the future and to give you some concrete indications of our successes over the last three years.

Representatives of the community based sector have appeared before this committee in the past and have been critical of some of the programs run by the United States Fire Administration. At the same time we have attempted to contribute our input into how these programs could be improved and how they could better meet the needs of communities and neighborhoods throughout the United States. While these criticisms have provoked a variety of responses, their intent was to provide constructive criticism to assist the USFA in meetings its goals as set forth by Congressional mandate. While there has been differences of opinion between the USFA and the community based organizations, we have all worked together for a common goal: the reduction and prevention of fire. We as local representatives recognize the importance of the USFA to our national fire focus and resent the Reagan Administrations attempts to zero budget this agency. We also fully recognize the result of the elimination of the USFA on our programs locally and our ability to leverage funds from both the public and private sectors. Because of this we urge this committee to seriously consider the need for a federal focus on fire and to appropriate funds at the FY 86 level to the USFA.

I am also here to report to this committee that while we have criticized the USFA, they have made a concerted effort to address some of these criticisms and they have attempted to integrate some of our concerns into their programs. These include the continued funding of the Community based Anti-Arson Program, the Residential Sprinkler Program and the invitation of non-fire service personnel to lecture at the National Fire Academy. I am here today to say to this committee that the USFA has made important strides toward fulfilling their committment to these changes and to insist that their committment for innovation and change continue. Over the years, the community based organizations have seen their impact and effectiveness at preventing fire and arson, reversing disinvestment patterns, reducing neighborhood decline, rebuilding neighborhood confidence, and infrastructure through housing management and rehabilitation. It is to the credit of this committee and your committment to community development and housing that these positive programs exist. I challenge anyone to dispute the contributions that community based organizations have made in saving fire protection, improving housing, neighborhood revitalization, community stabilization and involving neighborhood residents in these processes. In my mind these indicators constitute an important measure of success. They indicate whether or not we are truely having an impact on quality of life indicators and whether or not we are being successful at saving and preserving our communities. No other public sector or private sector group has had a greater impact on resolving local problems and encouraging neighborhood stability then the community based organizations located in every city around the United States. I would like to recognize this fact and offically thank them for their efforts.

At this point I think that it is important to recognize the progress that we have made over the last three years and use what we have learned over the next five years. As I have stated in previous testimony, funds from the United States Fire Administration have been used as a leverage for other types of funding. I would like to illustrate this by referring to the annual audit reports commissioned by the People's Firehouse Inc. yearly. During FY 84 (the first year since 1981 that PFH received FEMA/USFA funds) and FY 85, the People's Firehouse received $50,000. each year. These grants from the USFA were leveraged into $300,000. each year in both public/private sector funds specifically targeted for arson/fire prevention research, outreach and technical assistance activities. Additionally, these funds were used as a leverage to raise other community development funds totalling $2,157,985. dollars each year. The USFA Community Based Anti-Arson grant represented 16% of the total funds raised for arson/fire prevention in both years and 2% of our total community development budget for each year. Overall, for FY 86, the People's Firehouse Inc. has leveraged approximately 10,000,000. in community development projects. A portion of the funds used to leverage these dollars was a $25,000. grant from the USFA. The USFA grant constitutes .0025 of our total 1986 community development committments and 8% of our total arson/fire prevention budget for FY 86. In real terms, this illustrates how a small investment by the federal government vis a vis fire/arson prevention can go a long way to leverage both public/private sector dollars and its overall impact on other community development programs.

From a program perspective, funds from the USFA and other public/private sector sources have been used to address the arson/fire problem in our target communities located in North Williamsburg, Brooklyn. As the People's Firehouse begins its 11th year of involvement in arson/fire prevention, several statistical trends highlight the effectiveness of this neighborhood based approach to dealing with fire. During the period 1980-1985 our North Brooklyn target areas have experienced a documentable 28% decrease in fire activity and a 44% decrease in suspicious fire activity. (Information and statistics generated by the PFH Arson Data Information System). This is largely due to the targeting of arson/fire prone buildings and landlords in addition to an aggressive outreach, intervention and public awareness program. This program is dependent upon the development of a strong, local public/private sector partnership which includes local businesses, community residents, City, State, and the Federal government. Since 1981, the USFA has been an integral part of this effort and in fact, the USFA, then the National Fire Prevention and Control Administration selected the People's Firehouse as one of its AIMS (Arson Information Management System) groups. As a result of this designation, the People's Firehouse received a USFA grant to develop its Arson Data Information System.

While neighborhood fire statistics point to the success of past anti-arson/fire prevention programs, recent research indicates that problem areas still exist. The number of fires within the People's Firehouse service area declined from a high of 152 in 1980 to a low of 75 in 1983. However, the number of fires began to rise again in 1984 and continued to rise in 1985. The rise in fires can be attributed to two factors. First, a more efficient reporting system and more thorough investigations by the New York City Fire Department. Second, an increase of commercial fire activity (39% of all fires in 1980 — 48% in 1985), particularly along the North Brooklyn waterfront.

While the seriousness of the commercial fire problem has become more apparent, the People's Firehouse has documented a substantial decrease in residential fires. In 1980, there were 89 fires in residential buildings accounting for 59% of all fires. In 1985, there were 54 fires in residential buildings accounting for 49% of all fires. In addition, fires in vacant residential buildings have virtually ceased. In 1985, there was only one fire in a vacant residential building. All other vacant building fires occurred in commercial structures (sheds, shacks etc) or on "pier" structures. This is largely due to the monitoring, seal-up and eventual rehabilitation of these buildings by the People's Firehouse. Thus, while the number of fires did increase during 1984-85, this increase is attributable to the rise in commercial fire activity.

In summary, these dramatic statistics illustrate the kind of impact that a community based organization can have on a neighborhood fire problem. In addition to reducing fires, the People's Firehouse has renovated approximately 25 buildings, weatherized approximately 50 buildings, has renovated 80 building facades located on our commercial strip, has sealed over 40 city-owned buildings, has secured committments from HUD for a 72 unit Section 202, senior citizen housing project and will be building 17-2 family townhouses with the NYC Housing Partnership. Over the last 5 years, the People's Firehouse has leveraged millions of dollars in public/private sector funds. This best exemplifies the concept of public/private sector partnerships and the impact that these can have on neighborhood revitalization and arson/fire prevention efforts.

From my perspective, while the USFA has made great strides toward integrating the community based sector into some of its programs, a larger committment of funds is necessary and more efforts need to be made to institutionalize a community based perspective into the concept of arson/fire prevention. If these efforts are to be successful on a national level, it is critical that the USFA continue its role of coordinating the federal fire focus. Consistant with this, I respectfully recommend to this committee that specific language be placed on record within the Joint Managers statement and within the Appropriations Bill itself to direct the USFA to use its resources for the following purposes: to promote arson/fire prevention activities at the local level, to promote, support and encourage the involvement of community based non-profit, national technical assistance, and housing organizations into its programs and the development of public/private sector partnerships at the local, city, state and federal levels. Consistant with this request, I make the following recommendations to the Appropriations Committee, Sub-Committee on HUD and Independent Agencies:

1). COMMUNITY BASED ANTI-ARSON PROGRAM REQUESTED: $1,000,000.

During previous years, we have stressed the importance of funds allocated by the USFA for the Community Based Anti-Arson Program. From the presentations that you have either heard or will hear from CBO's, this program has been most effective in three areas. First, in reducing arson/ suspicious fires. Second, in promoting local partnerships with government and the various funding sectors. Third, in being used as a leverage for other public/private sector dollars. No one can dispute the successes of the CBO's in fulfilling the goals and objectives of this program. During FY84, FY85, FY86 respectively the USFA has allocated $300,000. per year for this program. During FY 86, the grants which the CBO's received were reduced, and the number of groups participating in the program increased. During the USFA presentation before this committee a number of weeks ago, a question was asked by Congressman Bill Green in reference to which of the community related projects leveraged more dollars. The response was that the Community Based Anti-Arson Program groups did "because this is the business that they are in". We agree with this concept and believe that during this period of dwindling resources, the survival and continuity of programs depends on taking a small amount of funds and leveraging it into a larger amount. In lieu of this, I request that this committee allocated $1,000,000. for the Community Based Anti-Arson Program.

2). RESIDENTIAL SPRINKLER SYSTEM PROGRAM REQUESTED: $2,500,000.

During FY 85 and FY 86 we appeared before this committee to request funds to develop a national residential sprinkler system program. We did this because of the success of residential sprinkler systems at saving lives and property and because we feel all residential and commercial units should be required to have these life saving devices. Additionally, we requested that this committee specifically recommend in the Joint Managers Statement that $1,000,000. of these funds be used to target demonstration projects in our older, urban communities and to the handicapped. The purpose of these projects was to determine the cost effectiveness, ease of installation, evaluate the use of various commercial materials, and evaluate certain design models in typical inner city tenament or old buildings.

We are happy to report to this committee, that the People's Firehouse has received a committment from the USFA in the amount of $250,000. to develop the largest demonstration retrofit project to be undertaken by the federal government. An integral part of this project is the leveraging of federal dollars with other public and private sector dollars, donations of materials, services, and technical assistance. To date, and pending the final approval of FEMA on our grant award, the People's Firehouse has leveraged these funds into committments from the Plastics industry, the electrical manufacturers, the masonry industry, the sprinkler industry, the construction materials related industries, and the contractors that install the various systems. Additionally, funds and services have been leveraged from the City of New York and New York State. Lastly, this project is working in conjunction and in partnership with the New York City Departments of Housing, Preservation and Development and Buildings, along with the New York City Fire Department.

For FY 87, we would like to see this committee maintain its committment to the concept of residential sprinkler systems and to appropriate $2,500,000. for this program. We would also encourage this committee to write into the Joint Managers Statement that $1,000,000. be used to continue the development of demonstration projects to retrofit buildings with residential life safety systems and target these toward community based, national technical assistance, and housing organizations throughout the United States.

CONCLUSION

In spite of past criticisms of the United States Fire Administration, I believe that strides have been made to integrate the community based sector into the mainstream of arson/fire prevention thought. I also believe that there are many more things that can be done to foster greater involvement by CBO's throughout the United States. These include the involvement of non-fire service students and training staff at the National Fire Academy. The elimination of the USFA will effectively eliminate any national focus on the prevention of fire and in fact will severly hamper existing efforts to develop new technologies to fight fires and encourage life safety systems. I believe that the elimination of the USFA is not cost effective and at the minimum, the USFA should be funded at its FY 86 level.

I would once again like to thank the members and staff of this committee for allowing me to testify and I am available for any questions or comments.

Mrs. BOGGS. Thank you very much.

Thank all of you for your successful endeavors.

I would like to give you a word of caution that I am certain that you are very familiar with, but as you know, the 1986 program level after sequestration in the United States Fire Administration will be $7,364,000.

The 1987 request from the Administration is zero. Last year the Conference Committee agreed that a million dollars of the National Residential Sprinkler program funds be used for retrofitting residential buildings. Of that amount, $500,000 is allocated to non-profit community based, national technical assistance, and housing development organizations with proven experience in arson prevention and housing development and $500,000 for projects to be directed at youth, elderly and handicapped high-risk populations.

So, it was very interesting to hear how you have used these programs in the past and certainly the fact that the leveraging of the private sector funds has more than matched the amount of the total grant is something to be applauded.

I was especially interested in the youth program, the fire centers. Certainly we need their training and their feeling of responsibility in any programs we develop.

I thank all of you for your work.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

DONALD A. DEVITO, PRESIDENT, NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

Mrs. BOGGS. May we hear from Donald DeVito, President of the National Emergency Management Association.

We welcome you in your new role. We are pleased to have you with us.

Mr. DEVITO. Thank you.

On behalf of our Association, may I express our appreciation once again to the Committee for extending us this opportunity to put into the record some of our concerns with respect to the FEMA budget.

Mrs. BOGGS. As you know, your entire statement will be placed in the record, and you may summarize as you wish, please.

Mr. DEVITO. Yes, ma'am.

At the outset, let me say the Association does not speak with one voice, but with many voices as part of a coalition that includes the National Coordinating Council on Emergency Management, National Governors Association, Association of Counties and others, all of whom are very concerned with the state of emergency preparedness in this country.

The year 1985 indicated to us once again that we are going to be faced continually with the problem of threat to the public safety, as witnessed by the fact that in that year some 27 events were significant enough to be declared major disasters by the President in excess of some $387 million of eligible funds, according to FEMA programs.

The current threats continue unabated. We now have brought to our attention significant problems associated with substances identified by the United States Environmental Protection Agency as acutely toxic.

We see an historic rise in the water levels of the Great Lakes and the associated problems with flooding for all the communities surrounding there.

The Chernobyl incident graphically illustrates for us the vulnerability that faces us with respect to the generation of nuclear power. It goes on and on and on.

While these threats continue to increase, we are faced with continuing deficit reduction actions. We ought to point out we have been involved or had to live with deficit reductions since 1984, 1983. So although Gramm-Rudman-Hollings legislation may be relatively new, the impact has been affecting emergency management sufficiently that the cumulative effect with this year's budget is almost on the order of a 25 percent reduction from as little as three years ago.

That has a drastic impact, Madam Chairman, on all state and local programs. We note with some concern that while in this year's Federal budget, FEMA budget, state and local programs continue to decline, that those programs that are FEMA-specific continue to increase.

For example, we see the program category entitled Federal preparedness, whatever that is, that there is a $32.5 million increase at a time when state and local levels, including the Fire Service, are experiencing declines in excess of $15 million.

But we would argue then, as an Association and as a coalition, that those programs which we have identified time and again as essential to state and local concerns be held harmless with respect to their funding from last year to this year. If that were achieved, that would in effect, among other things, reinstate the stipend issue which is of primary concern to local governments and of great concern to state governments for, absent the stipends, I am afraid that the opportunity to attend some of the programs offered at the National Emergency Training Center would no longer be available to us.

We do have some other concerns, if I may, briefly, Madam Chairman. They stem around such things as the growing inflexibility with respect to utilization of program resources identified as civil defense in the FEMA budget, at a time when the available funding is proposed to decline. We notice as well that it is proposed to drastically alter the relationships with respect to the Disaster Assistance provided under Public Law 93-288, the Disaster Relief Act of 1974.

It is unfortunate we must continually reiterate the budget cannot be balanced on the backs of disaster victims. We would hope that these proposed rule changes can be held in abeyance while the Congress conducts hearings with respect to just what this impact would mean.

We have noted, for example, of some 111 disasters of recent vintage, a full 61 of them would not have been eligible for any disaster assistance whatsoever. Similarly, we see increasing emphasis on the nuclear attack issue, this at a time when we have gone successfully over the last several years to the integrated emergency management system approach advocated by FEMA and fully supported by the states and/or the Governors.

Our hope is that this is not crisis relocation planning revisited, as we do not perceive such plans to be in the best interest of the public protection. Rather, we would hope these limited resources would be made available to continue the infrastructure development to deal with the kinds of hazards that face our people every day.

Finally, Madam Chairman, it is somewhat axiomatic in this business that you pay now or you pay later. It is not as if we are not going to pay. It is our hope and our expectation that the Congress will reinstate these funds so that states and local governments will be in a better position to protect the people of this Nation, such that what we pay in mitigation will not necessary, will not require us to pay necessarily ten-fold in Disaster Assistance later on.

I have no further comments to make, Madam Chairman, but I am prepared to answer any questions that you may have.

[The statement of Mr. DeVito follows:]

STATEMENT OF

Donald A. DeVito
President

NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

on

THE FEDERAL EMERGENCY MANAGEMENT AGENCY
FISCAL YEAR 1987 BUDGET REQUEST

before

The Subcommittee on HUD-Independent Agencies
Committee on Appropriations
U.S. House of Representatives

May 8, 1986

The National Emergency Management Association is an organization of State Directors of Emergency Management and others from throughout the United States and its territories, who actively promote the principles of Comprehensive Emergency Management (CEM). CEM seeks to improve the interaction of all elements of the public safety community into a cohesive infrastructure for the protection of the public against all hazards, man-made or natural.

Through the Federal Emergency Management Agency, the role of the Federal Government has primarily been one of fiscal support and program guidance to State and local governments. This support has enabled those organizations responsible for public safety to build and to maintain an infrastructure to coordinate the readiness for, response to, and recovery from the multitude of hazards which threaten their respective communities. This infrastructure also provides the administrative mechanism through which FEMA is able to disburse disaster assistance monies pursuant to Public Law 93-288, the Disaster Relief Act of 1974, following a declaration of an emergency or major disaster by the President. This same infrastructure coordinates the delivery of the disaster programs of other Federal agencies and volunteer organizations, such as the Small Business Administration, the United States Department of Agriculture, the United States Army Corps of Engineers, and the American Red Cross, to name a few.

We have all become too familiar with the human suffering and property damage caused by natural phenomena such as flooding, landslides, hurricanes and earthquakes. The recent experience in several western states, most notably California, Nevada, and Utah, where flooding and landslides forced the evacuation of tens of thousands of people and caused hundreds of millions of dollars in damage, reminds us of just how vulnerable we are.

In Calendar Year 1985 alone, twenty-seven major disasters affecting twenty states were declared by the President for a total of more than $387 million disbursed by FEMA in disaster assistance funds. While this number is significant in itself, it does not begin to account for total damages, which are in the billions of dollars, nor for the thousands of incidents of a less catastrophic nature, which required a coordinated response by State and local emergency management officials across the nation--a response dependent, in large part, upon the resources provided through those programs labeled "Civil Defense."

In addition to those disasters caused by natural events, government officials and the public are becoming increasingly aware of and concerned about, those hazards which are a result of our growing dependence upon technology. The release of toxic materials into the environment, whether from fixed sites or from transportation-related accidents, is a prime example. Although we cannot reverse these developments, we can, by maintaining an effective emergency management infrastructure throughout the nation, be better prepared to minimize the adverse impact of these and other types of hazards upon the public.

The utilization of "Civil Defense" resources for public safety purposes has proven to be an effective means of achieving the goal of Comprehensive Emergency Management.

As professional Emergency Managers representing State and local governments throughout the nation, we fully recognize the need to reduce the national deficit and realize that to achieve this end, we, as well as others, must endure the difficult transition period ahead as national priorities are redirected. Our national leaders must recognize, however, that to be remiss in providing sufficient funding for efforts to plan, to train, and to maintain the proper infrastructure to deal with emergencies, will cause us to have to pay a significantly higher price in response and in our recovery efforts; not only in dollars, but also in terms of human suffering and lives lost.

It is with this in mind that we address the Administration's proposed "Civil Defense" budget for Fiscal Year 1987.

The portion of the FEMA budget identified as "Civil Defense" is the area of primary concern to State and local governments. It is in this category, where are found the program elements which pass through to States and their localities the Federal share of emergency management funding to support the public safety infrastructure necessary to cope with all hazards, man-made or natural, across these United States.

In an analysis of this budget, it is tempting to relate the agency request for FY 1987, with its application of the provisions of Gramm-Rudman-Hollings legislation, to the FY 1986 estimate, which also incorporates the deficit reduction efforts of that legislation. If that approach is taken, it would appear that the overall reduction for civil defense is only on the order of 3.2 percent.

The impact is more severe. Let me explain.

From our perspective, there are five specific program categories that are particularly critical to State and local efforts in emergency management. They are State and Local Emergency Management; the Radiological Defense Program; the Population Protection planning effort; State and Local Direction Control and Warning; and the program category identified as Training and Education.

If one makes a comparison of the funding estimates for FY 1986 against the proposal for FY 1987 in those specific areas, it would appear that the overall reduction for State and local program efforts is less than 3 percent. However, in dealing with the impact of this budget on the State and local capacity to deliver effective public safety programs nationally, we must go beyond such a simple temptation and, instead, relate back to the levels of funding for emergency management efforts in fiscal year 1984, when the deficit reduction efforts first began. Only then can one fully appreciate just how significant the adverse impact is, has been, and is proposed to be on states and their local governments in this vital area of public safety categorized as "Civil Defense."

By such examination, it becomes obvious that the effect on the states and their localities is significantly greater than the conclusions that could be drawn if one simply analyzed the post Gramm-Rudman-Hollings fiscal effects. While it may be proposed that the change from FY 1986 to FY 1987 is little more than 3.2 percent overall in the civil defense category, by comparing it to FY 1984 when cuts were first applied, the reduction is greater than 24 percent overall. In those program elements of primary concern to States and their localities, the magnitude of the overall reduction from the base year of FY 1984 is also greater than 24 percent.

We do not believe that it is the intention of Congress to apply such significant levels of reduction to those programs of such vital concern to the safety of all of the citizens of the country and which are delivered by the professional emergency managers represented by this Association.

Further, it is unreasonable to expect that States and their localities can afford to correct the deficiencies represented by this overall fiscal plan, particularly in light of the proposed elimination of revenue sharing.

What is more, States and their localities are already providing significant levels of support for all manner of public safety programs. In fact, by our estimates, we conclude that they fund some 75 to 85 percent of the resources for emergency management programs, including for those programs identified within the FEMA fiscal system as "Civil Defense."

As previously stated, the members of the National Emergency Management Association appreciate the need for deficit reduction and recognize that dramatic action is necessary to correct this grave national problem. However, we argue that the magnitude of change should not be so great as to seriously degrade our capability to provide meaningful public protection programs. We do not believe that the Congress desires that, as we do not believe that this present budgetary proposal carries out the stated intention of Congress to provide an effective meaningful program of civil defense to protect our citizens throughout this nation against all of the hazards which threaten their lives and their property.

All we ask, is that those programs which we have specifically identified as vital to State and local efforts for emergency management be held harmless with respect to any further deficit reduction that is being contemplated by the Congress (i.e., State and Local Emergency Management, Radiological Defense, Population Protection, State and Local Direction, Control and Warning, and Training and Education). To that end, we recommend that approximately $6.4 million be restored to these program elements to raise FY 1987 funding to the FY 1986 enacted level of $91.5 million.

We recognize that restoration of these funds requires an adjustment elsewhere to insure that deficit reductions targets are met. It is NEMA's position that such an adjustment can, and should, be made in other areas of the FEMA budget.

While it is not our place to determine the Agency's priorities, nor do we intend to do so, we note with concern and curiosity that, while the programs which support State and local efforts, are being reduced, FEMA's in-house programs are dramatically increasing. For example, while overall "Civil Defense" funding (post-Gramm-Rudman-Hollings) declines by $4.2 million, the "Federal Preparedness" item is raised by $32.6 million. Similarly, while "Training and Fire Programs" are cut by 46.9%, FEMA "Management and Administration" increases by 9.3%.

State and local government emergency managers across the nation are asking for your assistance in redressing what seems to us to be an inequity in the distribution of the limited resources available for public safety. Realignment of the proposed funding can "hold-harmless" State and local "Civil Defense" efforts, still permit substantial growth in FEMA-specific programs, while achieving the desired deficit reduction level.

During this past year, the nation has been traumatized by a series of major disasters. These disasters have extracted a severe toll in terms of lives lost, human suffering and property damage. The future holds no assurance that the grim realities of the past will not be repeated again in the weeks and months ahead. Thus, it is reasonable and prudent that every level of government do all that it can to insure that the necessary resources are in place to cope with the potential havoc that could be raised by natural phenomena and by those disasters caused by our increasingly complex society and the multitude of man-made hazards attendant thereto.

The concept is fundamental. We, at every governmental level, have a choice in the funding of this emergency management business. We can provide the funds up-front; so that our preparedness efforts, that is the multitude of readiness activities such as public awareness and education, planning, training, and the building of appropriate infrastructures to carry out an effective emergency response are all put in place as part of a hazard mitigation effort. Failing that, the reality is that we will pay significantly greater amounts in disaster relief after the disasters occur--as they surely will! It is a simple matter of pay now or pay later. But pay we will. We, in NEMA, believe that if the Congress provides the necessary funding resources now to assist State and local government efforts, the cost will be significantly less later--not only in terms of dollars, but also in terms of the human suffering involved.

Even with funding levels restored to the FY 1986 enacted levels, we are still faced with a number of issues which will adversely impact upon the delivery of programs for emergency management. Among these are renewed efforts by FEMA to specifically emphasize war-related priorities, more stringent criteria regarding the provision of Federal relief for disaster victims, and a general trend toward inflexibility as regards the administration of State and local government emergency management programs. Our concerns attendant to these issues can be significantly abated if FEMA were to adopt a more meaningful partnership with State and local governments to develop more flexible guidelines for the conduct of all of its programs.

The Federal Emergency Management Agency has implemented a concept called the Integrated Emergency Management System. Basically stated, it is the use of all resources, at every level of government, to deal with all hazards, man-made or natural. It seems to us that the resources available through specific programs identified under the category "Civil Defense" could be granted a more reasonable level of flexibility. In this way, resources could be interchanged between all programs so as to carry out broad national policies, in the context of specific State and local requirements. National preparedness exists only at the grass roots level of local government; in the counties, cities, towns and villages of this nation. The orientation of the States and the Federal government must be directed towards the enhancement of local emergency management capabilities. By providing greater flexibility in the use of Federal resources to deal with those areas of specific concern to States and their localities, we can insure that the integrated emergency management system, as advocated by FEMA, becomes a reality rather than remaining a philosophy.

We, in NEMA, recognize that there must be audit and oversight accountability vested in the Federal Emergency Management Agency with respect to these programs. Those matters and specific work plan objectives can be resolved within the context of State and local requirements by staff at the various Regional Offices of the Federal Emergency Management Agency. They are best positioned to deal with specific State concerns.

Programs that work in Minnesota may not have application in Massachusetts. Nebraska's needs may not be relevant to New Jersey. Thus, we should not blindly adhere to rigid inflexible guidelines with respect to program delivery, but ought to make the relationship between the States and their local governments and FEMA a true partnership dedicated to seeking a more effective way to deliver vital programs of public safety at the local level where they are most needed.

Finally, let me reiterate that the members of the National Emergency Management Association are fully cognizant of and appreciate the need for significant reductions in the federal deficit. We make these proposals in the full and certain knowledge that if the Congress fails to provide sufficient resources now to sustain the vital programs for public safety that have been developed over the past several years, a serious degradation in our capability to protect the people of this country will result. The consequence of that action will be that when disasters occur, as they most surely will, the cost will be significantly greater for our recovery efforts then would have been necessary had we made reasonable expenditures now to insure that every state in the Nation has an appropriate infrastructure to deal with any hazard that might occur, and is able to pursue programs designed to minimize the adverse impact of disasters in the future. We, as members of the vast community of emergency managers throughout the nation, ask your help in assisting us to achieve these vital public safety goals.

ADDENDUM TO THE

STATEMENT OF

Donald A. DeVito
President

NATIONAL EMERGENCY MANAGEMENT ASSOCIATION

on

THE FEDERAL EMERGENCY MANAGEMENT AGENCY
FISCAL YEAR 1987 BUDGET REQUEST

before

The Subcommittee on HUD-Independent Agencies
Committee on Appropriations
U.S. House of Representatives

May 8, 1986

NEMA
national emergency management association
Building 22, State Campus, Albany, New York 12226-5000

NOTE: The following attachments may be used to illustrate the position of the National Emergency Management Association (NEMA) with regard to the Federal Emergency Management Agency FY 1987 budget request.

For further clarification on the National Emergency Management Association's position, please contact:

Donald A. DeVito, President
National Emergency Management Association
Building 22, State Campus
Albany, New York 12226-5000
(518) 457-2222

ATTACHMENT 1

27 MAJOR DISASTERS DECLARED BY THE PRESIDENT IN 1985

DATE of DECLARATION	STATE	TYPE	Total Federal Disaster Assistance[1]
Jan. 15	Arizona	Heavy Rain & High Winds	$ 976,241.00
Jan. 18	New Mexico	Severe Storms & Flooding	1,853,435.00
Mar. 18	Florida	Severe Freeze	10,019,250.00
Mar. 20	New York	Flooding	1,337,034.00
Mar. 22	New York	Snow Melt & Ice Jams	872,952.00
Mar. 29	Illinois	Severe Storms & Flooding	3,969,576.00
May 31	Puerto Rico	Storms, Mud/Land Slides, Flooding	20,166,602.00
June 3	Pennsylvania	Severe Storms, High Winds & Tornadoes	7,791,437.00
June 3	Ohio	Severe Storms & Tornadoes	2,985,524.00
July 10	California	Grass, Wildlands & Forest Fires	5,701,075.00
Aug. 7	Wyoming	Severe Storms, Hail & Flooding	3,489,220.00
Sept. 4	Mississippi	Hurricane Elena	24,074,592.00
Sept. 7	Alabama	Hurricane Elena	5,625,693.00
Sept. 12	Florida	Hurricane Elena	8,192,144.00
Sept. 18	Michigan	Severe Storms and Flooding	5,537,540.00
Oct. 8	Pennsylvania	Hurricane Gloria	8,102,056.00
Oct. 10	Puerto Rico	Severe Storms, Flooding & Mudslides	51,994,075.00
Oct. 11	Connecticut	Hurricane Gloria	12,007,561.00
Oct. 15	Rhode Island	Hurricane Gloria	4,802,304.00
Oct. 15	New Jersey	Hurricane Gloria	3,019,993.00
Oct. 18	New York	Hurricane Gloria	35,775,424.00
Oct. 28	Massachusetts	Hurricane Gloria	12,865,146.00
Nov. 1	Louisiana	Hurricane Juan	26,630,832.00
Nov. 7	West Virginia	Severe Storms & Flooding	87,381,492.00
Nov. 8	Pennsylvania	Severe Storms & Flooding	7,162,570.00
Nov. 9	Virginia	Severe Storms & Flooding	28,381,206.00
Dec. 3	Florida	Hurricane Kate	6,890,185.00
TOTAL			$387,605,159.00

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[1] Represents assistance of the Federal Emergency Management Agency only. Does not include programs available under the authority of other Federal Departments or Agencies.

ATTACHMENT 2
CIVIL DEFENSE PROGRAMS
ESSENTIAL TO THE PUBLIC SAFETY

State and Local Emergency Management: The foundation of the comprehensive emergency management effort at State and local levels. EMA is a cost-effective program and provides for a trained cadre of full-time emergency management personnel. The loss of any portion would undermine or impede the ability to respond to emergencies. EMA provides the only organizational funds that flow through states to local governments.

Radiological Defense: The increase of radiological uses in the private and public sector and the increase of transporation of low/high level waste generates a requirement for trained and immediately available personnel and equipment to respond to hazardous materials accidents.

Population Protection: Provides for all-hazards planning assistance by the States, for local government, which addresses all emergencies, man-made and natural. Included are evacuation and sheltering plans and emergency public information.

State and Local Direction, Control and Warning: The heart of all emergency management for state and local government; the loss of this program would destroy the ability to warn, control or to manage emergencies and would increase the vulnerability of our nation's citizens to disasters and emergencies.

Training and Education: The only program which allows for the professional development of emergency managers and for awareness efforts to inform other government officials and the general public. Provides continuity and uniformity of response procedures.

ATTACHMENT 1
COMPARATIVE ANALYSIS OF FEDERAL CIVIL DEFENSE FUNDING
1987 BUDGET REQUEST
(DOLLARS IN MILLIONS)

PROGRAM	(1) 1984 Actual	(2) 1985 Actual	(3) 1986 Enacted	(4) 1986 Estimate	(5) 1987 Request	Change Col (4) to (5)	Change Col (3) to (5)	Change Col (2) to (5)	Change Col (1) to (5)
• State & Local Emergency Management	$ 56.8	$ 58.4	$ 57.8	$ 55.3	$ 54.9	$- 0.4 (- 0.7%)	$- 2.9 (- 5.0%)	$- 3.5 (- 6.0%)	$- 1.9 (- 3.4%)
• Radiological Defense	10.3	10.1	9.7	9.3	9.2	$- 0.1 (- 1.1%)	$- 0.5 (- 5.2%)	$- 0.9 (- 8.9%)	$- 1.1 (- 10.7%)
• Population Protection	13.0	12.7	12.0	11.5	11.4	$- 0.1 (- 0.9%)	$- 0.6 (- 5.0%)	$- 1.3 (- 10.2%)	$- 1.6 (- 12.3%)
• State & Local Direction Control & Warning	10.5	12.0	0.6	0.5	0.5	$ 0.0 (0.0%)	$- 0.1 (-17.0%)	$- 11.5 (- 95.8%)	$- 10.0 (- 95.2%)
• Training & Education	14.0	13.9	11.4	10.9	9.1	$- 1.8 (-16.5%)	$- 2.3 (-20.2%)	$- 4.8 (- 34.5%)	$- 4.9 (- 35.0%)
SUB-TOTAL[1]	$112.7	$107.1	$ 91.5	$ 87.5	$ 85.1	$- 2.4 (- 2.7%)	$- 6.4 (- 7.0%)	$- 22.0 (- 20.5%)	$- 27.6 (- 24.5%)
• Protection of Industrial Capability	$ 4.6	$ 1.5	$ 0.0	$ 0.0	$ 0.0	$ 0.0 (0.0%)	$ 0.0 (0.0%)	$- 1.5 (-100.0%)	$- 4.6 (-100.0%)
• Research	5.6	4.1	0.1	0.1	0.1	$ 0.0 (0.0%)	$ 0.0 (0.0%)	$- 4.0 (- 97.6%)	$- 5.5 (- 98.2%)
• Telecommunications & Warning	15.2	33.4	17.4	16.7	13.7	$- 3.0 (-18.0%)	$- 3.7 (-21.3%)	$- 19.7 (- 59.0%)	$- 1.5 (- 9.9%)
• Automatic Data Processing	0.0	0.0	0.0	0.0	0.0	$ 0.0 (0.0%)	$ 0.0 (0.0%)	$ 0.0 (0.0%)	$ 0.0 (0.0%)
SUB-TOTAL	$ 25.4	$ 39.0	$ 17.5	$ 16.8	$ 13.8	$- 3.0 (-18.0%)	$- 3.7 (-21.1%)	$- 25.2 (- 64.6%)	$- 11.6 (- 45.7%)
• FEMA Salaries & Expenses	$ 29.5	$ 27.7	$ 27.7	$ 26.5	$ 27.7	$+ 1.2 (+ 4.5%)	$ 0.0 (0.0%)	$ 0.0 (0.0%)	$- 1.8 (- 6.1%)
(work years)	(661)	(564)	(508)	(508)	(508)	(+0)	(+0)	(-56)	(-153)
SUB-TOTAL	$ 29.5	$ 27.7	$ 27.7	$ 26.5	$ 27.7	$+ 1.2 (+ 4.5%)	$ 0.0 (0.0%)	$ 0.0 (0.0%)	$- 1.8 (6.1%)
TOTAL CIVIL DEFENSE	$167.5	$173.8	$136.7	$130.8	$126.6	$- 4.2 (- 3.2%)	$-10.1 (- 7.4%)	$- 47.2 (- 27.2%)	$- 40.9 (- 24.4%)

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[1] Sub total of Programs which provide direct financial assistance to State and Local Government.

ATTACHMENT 4

COMPARATIVE ANALYSIS OF FEDERAL EMERGENCY MANAGEMENT AGENCY FUNDING
FFY 1984 - FFY 1987
(DOLLARS ROUNDED IN MILLIONS)

	(1) 1984 Actual	(2) 1985 Actual	(3) 1986 Enacted	(4) 1986 Estimate	(5) 1987 Request	Change Col (4) to (5)	Change Col (3) to (5)	Change Col (2) to (5)	Change Col (1) to (5)
• Civil Defense	$167.5	$173.9	$136.7	$130.8	$126.6	$ - 4.2 (- 3.2%)	$ - 10.1 (- 7.4%)	$ - 47.2 (- 27.2%)	$ - 40.9 (- 24.4%)
• Comprehensive Emergency Preparedness Planning	6.9	8.7	9.0	8.6	9.0	$ + 0.4 (+ 4.7%)	$ 0.0 (+ 0.0%)	$ + 0.3 (+ 3.5%)	$ + 2.1 (+ 30.4%)
• Radiological Emergency Preparedness	6.2	6.4	6.5	6.2	6.5	$ + 0.3 (+ 4.8%)	$ 0.0 (+ 0.0%)	$ + 0.1 (+ 1.6%)	$ + 0.3 (+ 4.8%)
• Federal Preparedness	130.8	140.1	152.0	145.4	178.0	$ + 32.6 (+ 22.4%)	$ + 26.0 (+ 17.1%)	$ + 37.9 (+ 27.1%)	$ + 47.2 (+ 36.1%)
• Training and Fire Programs	16.7	24.0	23.4	22.4	11.9	$ - 10.5 (- 46.9%)	$ - 11.5 (- 49.2%)	$ - 12.1 (- 50.4%)	$ - 4.8 (- 28.8%)
• Flood Plain Management	61.7	53.0	51.3	49.1	0.0	$ - 49.1 (-100.0%)	$ - 51.3 (-100.0%)	$ - 53.0 (-100.0%)	$ - 61.7 (-100.0%)
• Disaster Relief Act (salaries & expenses)	6.4	7.0	6.5	6.3	6.6	$ + 0.3 (+ 4.8%)	$ + 0.1 (+ 1.5%)	$ - 0.4 (- 5.7%)	$ + 0.2 (+ 3.1%)
• Insurance Activities (salaries & expenses)	2.7	2.0	2.6	2.5	0.0	$ - 2.5 (-100.0%)	$ - 2.6 (-100.0%)	$ - 2.0 (-100.0%)	$ - 2.7 (-100.0%)
• Emergency Food & Shelter (salaries & expenses)	0.0	0.1	0.2	0.2	0.0	$ - 0.2 (-100.0%)	$ - 0.2 (-100.0%)	$ - 0.1 (-100.0%)	$ - 0.0 (- 0.0%)
• Management and Administration	11.6	15.4	29.3	28.1	30.7	$ + 2.6 (+ 9.3%)	$ + 1.4 (+ 4.8%)	$ - 4.7 (- 13.3%)	$ - 0.9 (- 2.9%)
Total, FEMA operating Programs & Management & Administration	$430.5	$450.6	$417.5	$399.6	$369.3	$ - 30.3 (- 7.6%)	$ - 48.2 (- 11.6%)	$ - 81.3 (- 18.1%)	$ - 61.2 (- 14.2%)

Mrs. BOGGS. We are extraordinarily grateful to you for your testimony. We had some great doubts and questions about the stipends when the Agency was before our Committee in defense of the Administration budget. Certainly the transport of the hazardous materials is something we cannot ignore.

It becomes more difficult all of the time. The integrated emergency management systems have been something of particular concern to this Committee. I hope that we have been able to increase those programs sufficiently so that at least we haven't cut back on our communication systems too greatly.

I have been extraordinarily concerned, as I am sure several other Members of the Committee must be, at the seeming lack of coordination among the various Federal agencies about what our coordinated response would be to a nuclear accident of the proportions of Chernobyl. I discovered that Hanford comes under the Department of Energy and that the various commercial reactors, of course, come under the management of the Nuclear Regulatory Commission. We now have an interagency task force that is headed by Lee Thomas of EPA. Would you tell me what the involvement of FEMA is in these various cooperative efforts?

Mr. DEVITO. We share your concern, Madam Chairman. We asked the same question. I happen to have the opportunity to observe the opening conference held by the White House Task Force on the Chernobyl incident and noted with some concern that FEMA was not represented.

I don't know the reason for that. I am afraid someone from that Agency might be in a better position to clarify it, but we, too, believe there needs to be at the Federal level no less than already exists at state and local levels—a single focal point for any emergency management issue.

We had thought that is what the Federal Emergency Management Agency generally was established for. We note with some concern and question what it reflects, but nonetheless, we share the observation that there does seem to be a fragmented approach to this entire emergency business at the Federal level.

We, as an organization, would like to see that rectified.

Mrs. BOGGS. Thank you very much.

Thank you for your testimony. Welcome aboard.

Mr. DEVITO. Thank you again.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESS

ELLIS M. STANLEY, SR., PRESIDENT, NATIONAL COORDINATING COUNCIL ON EMERGENCY MANAGEMENT

Mrs. BOGGS. Mr. Ellis M. Stanley, President of the National Coordinating Council on Emergency Management.

Nice to see you.

Mr. Mollohan is a very valuable new Member of our Committee. He is also extraordinarily familiar with all of these areas we are discussing today. If you would like to ask some questions of the previous witness, please feel free to do so before we begin this testimony.

Mr. MOLLOHAN. Thank you, Madam Chairman.

I appreciate the testimony and thought it was valuable, but I have no questions. Thank you.

Mrs. BOGGS. Mr. Stanley, thank you for being with us.

We will make your testimony part of the record. If you would proceed as you wish.

Mr. STANLEY. Thank you very much, Madam Chairman. It is a pleasure to be here, especially to be representing the National Coordinating Council on Emergency Management.

We are from the local level. We are, for lack of a better term, where the rubber meets the road. Our feet get wet during the floods. We are the ones who have to be prepared to respond on a moment's notice. We are the first line of defense in any type of emergency.

As President DeVito indicated, the National Coordinating Council on Emergency Management is in coordination with other groups around the country to try to coordinate and pull together the most effective response capability that we can do. In order to meet the mandate of the Civil Defense Act of 1950, including amendments of 1980 and 1981, emergency management assistance is essential. The local, state and Federal infrastructure is dependent upon Federal funding. In addition, in our testimony we want to support and recognize the National Flood Plain Managers who have supported the efforts of our famous budget and support our testimony.

In the past years, Congress and this Subcommittee have taken a close look at FEMA's programs. We believe proposed significant levels of reduction to FEMA's programs will adversely affect the safety of our citizens and of the country, and will diminish the ability of the Nation's professional emergency managers to deliver the services that is needed.

Specifically, in order to sustain programs classified as Civil Defense, we must have trained personnel. FEMA's fiscal year 1987 budget eliminated the stipend program and without it, training will be reduced and uniform training will be lost.

I have to emphasize the need for uniform training. In my area particularly, Durham, North Carolina, we have a lot of citizens during the summer that go to other parts of our state. They go to other parts of the country for vacation, and as we train on a day-to-day basis to educate and make these citizens aware there must be some uniformity, so when they get to where they are going they can utilize the same type of preparedness they have learned in Durham.

Right now the National Emergency Training Center is the only facility that we have to ensure this type of uniform coordinated training. We are blessed with a very diverse group of local directors throughout the country. At the same time we are cursed with a very diverse group of local coordinators. The one thread that can pull this diverse group together is training, some uniform type of training that would exist.

Additionally, we wish to take note of the resolution of the National Association of Counties Board of Directors on March 6, 1986, which urges that proposed policy changes which would effectively deprive thousands of local officials the opportunity to receive advanced training at Federal training academies be withdrawn.

Further, at the present time, those who do receive training go back to their communities and teach additional local volunteers. They do this. We have a very small operation and we are constantly involving the volunteer sector of the population into the response mode of a disaster situation.

One of the worse things you can have in a response is untrained volunteers. To assure we have again a uniformity in training, we must have that center; we must have those stipends put back in so we can provide this type of training.

The Administration says localities must pay their fair share. We do. We think we go above and beyond the call, looking to size of local emergency offices in helping local governments provide protection for life and property; at the local level we have to put in many hours.

We have to replace ourselves when we are out of town. Also, there are a lot of expenses going on all the time. At this time when a lot of cutbacks are projected, revenue sharing being one, we feel that anything that will impinge upon other cuts at the local level will directly affect the local directors and the local government.

We used our organization to do a survey of local directors across the country just to get a feeling of what they were thinking about the proposed cut of stipends. What we found was that less than two percent of the local emergency planners throughout the country would or could be able to attend the National Training Center if these stipends are cut.

We did not do the most sophisticated and scientific study because of the time constraints we were under, but we did touch all parts of the country and many groups to get the feel of where the people were and if they could provide funds to maintain the training efforts that would go on at the National Training Center if these stipends were cut.

Again, we would like to support the concerns of the Association of Flood Plain Managers regarding the detrimental effect that substantially increased rates would have on the National Flood Insurance Program.

Our interest is in mitigating occurrences of disaster and increasing participation in this program. At a time when we do divide our program up into mitigation, trying to prevent occurrences of disasters, it is most important we have the trained personnel capable of dealing with the mitigation aspect, capable of playing into the local governments' planning process and being able to provide some professional procedures for mitigation as well as preparedness and response and especially recovery.

[The statement of Mr. Stanley follows:]

National Coordinating Council
on Emergency Management

7297 Lee Highway • Falls Church, Virginia 22042 • (703) 533-0251

TESTIMONY

OF

Ellis M. Stanley, Sr.

President

NATIONAL COORDINATING COUNCIL ON EMERGENCY MANAGEMENT

BEFORE

THE U.S. HOUSE APPROPRIATIONS SUBCOMMITTEE

ON

H.U.D. -- INDEPENDENT ADGENCIES

May 8, 1986

My name is Ellis M. Stanley, Sr., President of the National Coordinating Council on Emergency Management, and I am a local emergency manager from Durham, North Carolina.

The National Coordinating Council on Emergency Management, established since 1952 and formally known as the U.S. Civil Defense Council, is a nationwide, non-profit, private membership association representing the public interest in the realm of local government emergency preparedness. The membership of National Coordinating Council on Emergency Management, for the most part, consists of local emergency management and civil defense directors whose role is saving the lives and protecting the property of citizens on a daily basis.

Through the years, our association has also come to include within the body of its membership, other professional and technical personnel who work on a daily basis in the broad field of emergency response preparedness and management.

In order to meet the mandate of the Civil Defense Act of 1950 including its amendments of 1980 and 1981, emergency management assistance is essential. The local, state and federal infrastructure is dependent upon federal funding. In addition to our testimony we endorse the National Emergency Management Association's remarks relative to pass through monies.

In past years, the Congress and this subcommittee, have taken a close look at the Federal Emergency Management Agency's programs. We believe that the proposed significant levels of reduction to the Federal Emergency Management Agency's programs will adversely effect the safety of all our citizens of the country and will diminish the ability of our nation's professional emergency managers to deliver their services.

Specifically, in order to sustain programs classified as "civil defense", we must have trained personnel. The Federal Emergency Management Agency's fiscal year '87 budget eliminated the stipend program; without it training will be reduced and uniform training will be lost. We must have these funds restored. The Emergency Management Institute is the only institution in the country at which professional emergency managers can receive advanced uniform training and education.

Additionally, we wish to take note of the resolution of the National Association of Counties' Board of Directors on March 6, 1986 which urges that "...proposed policy changes which would effectively deprive thousands of local officials the opportunity to receive advanced training at federal training academies be withdrawn."

Further, at the present time, those who do receive training go back to their communities and teach additional local volunteers. This pyramid effect allows a cost effective method of training large numbers of personnel. Interruption of this training process will diminish the number of locally trained volunteers.

The administration says localities must pay their fair share of training. We already are. Local government is supporting the local emergency manager. Localities pick up the cost of personnel in their community's office while their emergency manager is at training school. Further, the localities are paying for the salaries of these emergency managers and these are on-going costs to the localities. The Emergency Management Institute is an important and a valuable training source for our nation's emergency managers, but there are limits to local governments' ability to assist in funding.

Local governments are being hard pressed for funds. At a time when the Federal Emergency Management Agency is withdrawing funds for stipends and training, other federal programs are being chipped away and thus placing increased pressure on the financial base of these governments. General revenue sharing is in question and is up for reauthorization this year. Many local governments are at their maximum taxing capability and thus would not be able to raise taxes in order to fund these programs.

The National Coordinating Council on Emergency Management has completed a random sampling of its membership and found that less than 2% of those surveyed would be able to continue attendance at the Emergency Management Institute if the Federal Emergency Management Agency's stipends and travel funds are cut out of the budget.

The Federal Emergency Management Agency's budget monies are very important and there should be no cut in these funds. At a time of increased international tension we ask the question: Are these cutbacks sending out the right message? The media has already presented their perception of our weaknesses in recent weeks. Various forms of security and our emergency preparedness are going to come under further scrutiny in future weeks and months. We must fund our programs at a level at which emergency managers can deliver the services established as need. In light of recent events, don't tie the hands of those on one of the front lines -- the local emergency manager.

We would also like to support the concerns of the Association of State Floodplain Managers, Inc. regarding the detrimental effect that substantially increasing rates have on the national flood insurance program. Our interest is in mitigating disaster occurrences and increasing rates will reduce participation in the program.

In summary, we are deeply concerned about these contemplated monetary cutbacks which will adversely effect the utilization of these "civil defense" resources. Their overall effectiveness will be hampered if the opportunities for training are diminished and monies are not available. We urge the subcommittee to take these matters under careful consideration and provide the needed financial support for programs mandated by the Civil Defense Act.

Mrs. **Boggs**. What you are saying is music for my ears. I hate to leave to go to vote.

[Recess.]

Mrs. **Boggs**. Excuse us, Mr. Stanley. If you would continue.

Mr. **Stanley**. I wanted to also state for the record we support Congressman Ridge and his testimony to this Committee requesting that the new rules and regulations involving disaster assistance funding not become effective until there is an adequate time for review in regard to the full impact on state and local programs.

On the total funding process as to whether we pay our share currently, as the Civil Defense Act had alluded to the 50 percent funding across-the-board, that is currently not the case in that most local governments are paying more than 70 percent of the operations and we think we pay exceedingly well in maintaining a viable emergency management program at the local level.

We realize stipends are only one issue of the whole program, but it is one that is going to affect us immediately and most directly, and we wanted to call this to this Committee's attention.

Thank you very much for the opportunity to come before you and I will be glad to answer any questions you have.

Mrs. **Boggs**. Mr. Mollohan?

Mr. **Mollohan**. Thank you, Madam Chairman.

One of the states that experienced major flooding, as a matter of fact, as I look at this list of 27 major disasters declared by the President in 1985, I note that West Virginia had the largest Federal disaster assistance given to it because of the flooding we had. One of the things that is coming out of that is an outcry about the increase in national flood insurance rates.

I note you referenced that in your testimony supporting the Association of State Flood Plain Managers in their opposition to this increase. I didn't have an opportunity to hear that testimony.

I am sorry I was not here to do that, but I am wondering if you have an estimate of how many participants in that program would fall out of the program because of increased flood insurance rates under this program?

Have you looked at that?

Mr. **Stanley**. I have not specifically, Mr. Mollohan. What we can do, through Mr. French Wetmore, is get that information for you. It is ironic that you mentioned that; one of the local directors, who is also a member of our organization, was at the emergency management training when that flood came about and had to be flown back into her area for the response and recovery aspect of it.

I can help you right now. Twenty-seven percent increase is what would be affected.

Mr. **Mollohan**. Twenty-seven percent increase in the rate?

Mr. **Stanley**. Yes. That is correct.

Mr. **Mollohan**. I am just wondering if you have any estimates of how many people would stop participating in the program, if any, as a result of that rate increase? If you have that information, you can submit it for the record.

Mr. **Stanley**. We can get that information to you through Mr. Wetmore.

[The information follows:]

Without a detailed study, no estimate can be provided.

Mr. MOLLOHAN. Thank you, Madam Chairman.

Mrs. BOGGS. Mr. Stanley, I am very much interested in your testimony about the stipends and the effect that they would have upon the training programs. Though you say you didn't do sophisticated research, you did have practical research. Isn't it true that the training program is more or less a graduate program?

Could you tell us some of the types of training that the personnel goes through before they go to Emmitsburg?

Mr. STANLEY. Okay. There is varying decrease of programs at the National Training Center. At first, it probably could have been perceived as a graduate program, a graduate from the old staff college at Owl Creek. That seems to have been a prerequisite to get into that program.

Today with the technological changes we have been faced with, they have some very, very good computer programs that are helping the locals interface with not only one another, but from local to state and from state to Federal Government. That type of program.

There is an integrated emergency managers' course which not only trains and works with the professional emergency planner, but it works with all the members of the local government, from the elected officials to the communications, telecommunicators in which they bring them in and actually do case studies on their particular cities and counties or some generic facility.

There are a variety of courses there. There are some, executive development, for example, that require a certain level of prior training to get into. We, the National Coordinating Council, are working with the FEMA to try to create some credibility through certification programs, through getting more marketable courses into the field.

So it is right now open for practically anybody.

Mrs. BOGGS. I was noting in your testimony that your group supports the concerns of the Association of State Flood Plain Managers regarding the detrimental effect that substantially increasing rates would have on the National Flood Insurance Program.

Of course, you state your interests is in mitigating disaster occurrences and you are concerned that the increasing rates will reduce participation in the program.

Would you elaborate on that a little bit?

Mr. STANLEY. Yes. We depend on the flood insurance people to assist the flood victims and provide the major incentives for communities to manage new construction and prevent increased flood problems.

This increase may force people out of getting insurance, and may force the price up. It would not be economically feasible for them to purchase this insurance. We feel that would probably lead to a greater burden on the local communities as far as the recovery, and what they can do with this property and these areas after the flood.

Mrs. BOGGS. Thank you very much. We hope we will be able to do something about the stipends program.

We are very grateful for the work that you and all the members of your Association do day in and day out.

Thank you for your testimony.

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESSES

STENY H. HOYER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

M.H. ESTEPP, CHIEF, INTERNATIONAL ASSOCIATION OF FIRE CHIEFS

Mrs. BOGGS. We are honored to have with us our colleague, Steny Hoyer of Maryland, who is here to present Chief Estepp of the International Association of Fire Chiefs.

Mr. HOYER. Congresswoman Boggs, and Mr. Mollohan, and Members of your Subcommittee, I want to thank you for giving me this opportunity to introduce to you not only a very close friend of mine but somebody who graduated from the same high school. He is much younger than I because he graduated two years after I did. He is the Chief of our fire department and has been Chief of our fire department for the last eight years, and has been active in the Fire Department as a volunteer starting as early as his junior year in high school in 1958. He has been in the paid service for a number of years, and is known as one of the experts in the country in the integration of the paid and volunteer manning.

When I served in the State Senate we worked together as we inaugurated the paid service as we became more urban and the demands became increased. During his tenure, he inaugurated the institute, and has given hundreds of seminars on fire protection management, fire protection investigation and inspection. I know you would be interested in this; he has lectured nationally on the alcohol and substance abuse in the Fire Service, something of particular concern to him.

As I said earlier, he is a real expert in many, many areas of the Fire Service, and we in Prince George's County are extremely proud of the service that he gives to the extent, Madam Chair, that he is now serving under his third County Executive; the Republican County Executive that was between the two Democrats kept him on for four years because of the quality of service he gives.

It gives me great pleasure to introduce to the Subcommittee, Jim Estepp, our Fire Chief.

Mrs. BOGGS. We are very proud of your record, but we are equally proud of the record of our colleague who was a classmate of my son in law school; I suppose we have a generation gap here already.

Mr. ESTEPP. We are equally proud of him as our Congressman as well. In fact, I live in his district.

Mrs. BOGGS. That is great.

We will put your entire testimony in the record, and you may summarize as you wish.

Mr. ESTEPP. Yes, Madam Chair.

I am here today representing the International Association of Fire Chiefs. These are the nation's chief fire officers, who command the more than 27,000 fire departments in the country with over a million fire fighters. We want to thank the Committee and the

Subcommittee for the unswerving and consistent support it has given in the past when there has been an attempt to eliminate the Federal fire programs. I guess this coming fiscal year before you now is one of the greatest attempts that there ever has been with respect to those programs.

We consider ourselves to be the nation's first line of defense against an endless number of man-made and natural disasters. In other words, our members are charged with protecting the public, and I appear before this Subcommittee today to defend those programs that would lessen our capability in dealing with that.

As a scenario that none of us would like to think about, but I would like to present to you, if you could imagine a 747 leaving the West Coast simultaneously with one leaving the Washington, D.C. area, and God forbid if they collided somewhere out in the Midwest, the number of people that would be killed. It would be a public outcry that would be deafening. People would want to know why; they would want to do something about it.

We lose that many people and more each year to fire, each month to fires in this country and yet, we don't hear a deafening outcry. In fact, unfortunately before this Subcommittee concludes its work together, at least three people will die—because that is what happens about every hour in this country. The economic loss is staggering. The overall annual loss due to arson is in excess of $4 billion; the loss from fire itself, both direct and indirect, is literally tens of billions of dollars.

The point we want to make this afternoon is that with a modest amount of seed money, $25 million devoted to Federal fire programs, we believe that we have helped to reverse the national trend that has caused a decline in this country's human and financial fire loss statistics.

In fact, the accomplishments of the Federal fire programs are outlined in my ten pages of testimony which I won't go into, but there are a couple that are worthy of mention.

Since the Fire Administration and Fire Academy programs have been in operation, life and property loss from fire in our country has turned downward, in a six-year period deaths are down to 6000; and prior to that they were almost 8000 annually.

As a result of the Fire Administration Public Education program, smoke detectors have been installed in more than 60 percent of our homes. We believe that is probably one of the most effective ways to deal with deaths in terms of preventive measures.

The Fire Administration has developed one of the world's most effective resources for fighting arson. This includes juvenile firesetter programs, early arson systems that you heard about, information management systems, and the development of local support for anti-arson activities. The statistics now show that total incendiary and suspicious fires are down 35 percent from the peak in 1977, and civilian deaths in these same fires are down 24 percent from the peak of 1977.

One of the important things the Academy does for us is to provide training in dealing with hazardous material situations. You have heard several speakers already state how important it is to mitigate and deal with those problems. Recently, a report from the Congressional Office of Technology Assessment released last month showed a pressing national need in emergency responses to find an effective way to train first responders in handling the different types of hazardous materials.

In a recent IACP survey, more than half the Departments in this country said they received their outside training from the National Fire Academy, a tremendous effort. Elimination of the Academy student stipends will remove the primary affordable source of hazardous material training for fire fighters in this country. In fact, in another poll by the IACP of large metropolitan fire departments, the results show that from 75 to 100 percent of the departments said there would be a drop-off in attendance in the kinds of training programs we need without the stipend program, and they would not be able to cover the stipends from their local budgets.

So funding for those programs is extremely important. We think if we are going to continue the downward trend in fire deaths and injuries, to have a sound fire prevention education program across the country, to educate fire officers in all aspects of protection, to continue fire research programs, and to maintain and improve the national fire data system, and to continue our work with automatic detection and extinguishment, these programs must be in place.

We would urge you, on behalf of all the nation's fire fighters who really feel that they have been abandoned to some degree in respect to the lack of funding of these programs, to restore the modest $25 million investment. All of that together really is a lot less than it costs for just one combat aircraft. We certainly feel that is necessary and appropriate, but by comparison these programs do a tremendous job of defense as well.

Thank you.

[The statement of Mr. Estepp follows:]

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TESTIMONY OF

CHIEF M.H. "JIM" ESTEPP

OF THE

INTERNATIONAL ASSOCIATION OF FIRE CHIEFS

on

FISCAL YEAR 1987 BUDGET

FOR THE

UNITED STATES FIRE ADMINISTRATION
NATIONAL FIRE ACADEMY

testimony before the

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

May 8, 1986

Mr. Chairman, I want to take this opportunity to thank you for inviting me, as a representative of the International Association of Fire Chiefs, to testify on this matter of vital importance not only to the American fire service, but to the citizens of this country threatened by fire, medical emergencies and other hazards requiring emergency response.

I also want to thank you and the other members of this subcommittee for the consistent and unswerving support that you have shown in past years when there have been similar attempts to almost eliminate the federal fire programs.

Mr. Chairman, members of the subcommittee, the International Association of Fire Chiefs, representing this nation's chief fire officers, is here to speak for those fire chiefs who are charged with managing and administering the fire departments that are the nation's first line of defense against fires, medical emergencies, floods, earthquakes, hazardous materials emergencies, and an endless number of manmade and natural disasters. In other words, our members are charged with protecting the public. Therefore, I appear before this subcommittee today to defend those federal programs that help our members to do a more effective job of protecting that public.

What do you think would be the reaction if, every month, one fully loaded 747 took off from Washington, D.C., and another took off from Los Angeles, and they collided somewhere over the Midwest, killing everyone aboard both planes. The official and public outcry would be deafening; the attention given this problem would fill newspapers and television screens across the country. Yet, that is approximately how many people we kill in fires every month in this country. And the outcry is far from deafening.

Before this hearing is over, another three people will die in fires because fires kill approximately one person an hour. Unfortunately, most of those killed will be either over 65 or under 10 years of age.

The human suffering and loss from fire is tragic. However, the economic loss is staggering. The overall annual loss from arson alone is in excess of $4-billion. From fires in general, the loss is in the tens of billions of dollars. The point that we will try to make this afternoon is that with a modest amount of seed money -- the $25-million devoted to the federal fire programs -- those programs, over the last several years, have reversed a national trend and have caused a decline in the country's human and financial fire loss statistics.

Since the federal fire programs were started in the mid-1970s, we can register the following successes primarily resulting from stimulus provided by the fire administration and fire academy:

- The fire community worked for more than a decade to convince Congress of the need for a federal focus on fire, particularly fire prevention. The justification for these programs, the U.S. Fire Administration and National Fire Academy, has not changed.

- Since the USFA and NFA programs have been in operation, life and property loss from fire has turned downward. In a six-year period, deaths are down to 6,000 annually from a high of almost 8,000.

- As a result of USFA public education programs and leadership, smoke detectors have been installed in more than 60% of the nation's homes.

- The USFA's National Fire Incident Reporting System was established and now links more than 11,000 fire departments in 39 states. This information exchange network is invaluable both as a gauge of the fire problem and our success in combatting it. It can be managed effectively only at the federal level.

- The USFA has developed one of the world's most effective resources for fighting arson. This includes juvenile firesetter programs, arson early warning systems, an arson information management system and development support for local anti-arson activities. Statistics now show that total incendiary and suspicious structure fires are down 35% from a peak in 1977. Civilian deaths in these same fires are down 24% from the peak in 1977.

- The USFA has taken the lead in developing a number of important fire fighter health and safety programs, including Project FIRES, the purpose of which is to design new state-of-the-art protective clothing for fire fighters. It is important to point out that Project FIRES did not reinvent the wheel, but took proven "spin-off" technology from NASA's space program and adapted it to the fire service. Project FIRES also has involved the private sector in developing materials for the protective clothing.

- The USFA is a much-needed clearinghouse of fire information. It has played a leading role in disseminating information on fire prevention, the use of smoke detectors and sprinkler systems and a five-step planning process for public fire safety education program managers.

- The fire administration has made a special effort to reach out to children -- the frequent victims of deadly fires. In fact, children under five account for 17% of all fire deaths. This effort has included the successful production of the Sesame Street pre-school fire awareness program.

- The National Fire Academy serves as an advanced training facility for the American fire service at all levels of government. The academy has played a major role in standardizing the use of proven fire protection programs and grooming the professional men and women called upon to use them.

- Recent years have seen a marked increase in public concern over toxic chemical accidents. In communities across the country, it is nearly always the fire service that must respond when these incidents occur. The National Fire Academy is the ONLY federal training facility with a clear mandate to give hazardous materials training to local-level emergency response personnel. In a recent IAFC survey, more than half of the public fire departments that responded said that they received their outside training from the National Fire Academy. Elimination of the academy's student stipends will eliminate the primary affordable source of hazardous materials training available to the fire service. It also will mean that the emergency response personnel expected to handle hazardous materials accidents (i.e., protect the public) will not have anywhere to get this vital training.

- Federal funding for fire prevention programs is extremely cost-effective. Few federal programs can boast as many accomplishments with a total budget of less than $25-million a year (USFA - $7.364-million; NFA - $11.691-million; and CFR - $5.81-million. Total - $24.856-million).

- The $25-million needed to fund federal fire programs is insignificant compared to the $312-billion requested for defense programs in the fiscal 1987 budget. In fact, it would cost the taxpayers $10-million less to fund all federal fire programs than to purchase one F-18 fighter aircraft.

Although I realize it is the subject of another hearing, before closing I want to say a word in defense of the Center for Fire Research at the National Bureau of Standards. The center is an internationally respected scientific research facility. The elimination of the center would destroy the only federal scientific body that has aggressively researched and analyzed the chemistry and physics of fire. This pioneering effort has led to a fundamental understanding of the nature of combustion and the development of fire-resistant materials and building techniques.

It is also worth pointing out that the Center for Fire Research was primarily responsible for developing the technology that lead to the smoke detector and the quick response sprinkler...two technologies that the fire administration is using to promote improved fire safety across the country. This is a good example of the flow of technology and information from the center to the fire administration to the public.

Finally, elimination of the Center for Fire Research would leave the United States as the only industrialized nation without a central, federal fire research facility....an embarassment in light of the fact that the U.S. has one of the highest fire death rates of any of the industrialized nations.

We realize the need for a balanced federal budget and the absolute necessity to reduce our sizable federal deficits...and we realize that there will be some changes as a result. However, we also realize the need:

- to continue the essential downward trend in fire deaths and injuries;
- to continue the reduction in property loss from fire;
- to have a sound fire prevention education program across the country;
- to educate fire officers in ALL aspects of fire protection;
- to continue fire research programs;
- to maintain and improve the national fire data system; and
- to promote to the fullest extent automatic detection, alarm and suppression systems.

We can accomplish all of these objectives and more by refunding the U.S. Fire Administration, National Fire Academy and Center for Fire Research at their current budget levels ...a modest annual investment of $25-million....$10-million less than the cost of one F-18 jet fighter. Twenty-five million dollars...and the prospects are good we can continue the downward trend in the tens of billions of dollars we lose in this country every year from fire.

How can we measure the value to our society of those who are still alive because of these programs. Statistically, it is likely that somebody in this room or a family member of someone in this room right now might number among the almost 10,000 lives saved over the last five years. Funding for the programs is more than dollars. It is a statement and commitment on the part of the whole country that fire is a problem with which we must deal.

I have attached a detailed list of the U.S. Fire Administration's major accomplishments from fiscal year 1983 through fiscal year 1985. If you have no objection, I would like to have that list included as a part of the official record.

Thank you for this opportunity to testify.

U.S. FIRE ADMINISTRATION

MAJOR ACCOMPLISHMENTS: FY 83-85

Reorganization Matters

- o Completed transition to NETC/TFPD (FY 83-84)
  - o New organizational plan approved by Director
  - o Consolidated in new offices in "N" Building
  - o Recruited staff for 20 FTE
- o Established new working relationships with National Fire Academy and Emergency Management Institute (FY 83-84)
- o Developed new program priorities in consultation with Joint Council of Fire Service Organizations (FY 83)
- o Completed several carry-over FY 82 projects (FY 83)
- o Completed 100% funding of program plan despite transition period (FY 83)

Program Accomplishments	Estimated Funds Expended
I. Policy and Coordination (Fire & Rescue Service Mgmt)	
o New Program Planning	
Initiated planning for several new programs, i.e. National Community Volunteer Fire Prevention, national residential sprinkler, and private sector participation programs. (FY 83-85)	175 k
o Integrated Emergency Management	
Developed and funded with support from FEMA/SLPS a major Integrated Emergency Management System (IEMS) project with the International Association of Fire Chiefs (IAFC). This effort, started in FY 83, has developed and promoted improvements in emergency management planning and operations from the fire and public safety perspective. Promoted and monitored by a national advisory committee, this project has produced many important products including 15 regional IEMS workshops; varieties of information through a	

clearinghouse, Fire Chief Magazine, and other publications; a planning guide for community leaders; and an IEMS workshop kit; and also provides analysis and input into SLPS programs in data collection and use, continuity of government and emergency support services.

(FY 83-85) 300 k

- Fire Executive Fellowship Program

  Established the FEMA Fire Executive Fellowship Program at Harvard University in cooperation with the JFK School of Government and the National Fire Academy (NFA). A national competition is used to select senior fire executives to attend a three-week program at Harvard. Sixteen Fellows have been selected over three years. This program is now incorporated into the master curriculum of the NFA.

  (FY 83-85) 125 k

- National Leadership Conferences

  With support from the National Fire Academy, carried out several national leadership conferences. One, the "Partnerships Against Fire" attracts fire officials, educators, community groups and others. Another conference brought the 50 State Fire Marshals together in cooperation with the Fire Marshals Association to focus on the unique and changing issues facing states.

  (FY 83-85) 275 k

- Volunteer Fire Service Communications

  In cooperation with the National Volunteer Fire Council, supported effort to improve information network among nation's volunteers. Also supported Stonebridge planning conference with NFA.

  (FY 83-85) 60 k

- Consensus Codes Program

  In fulfillment of mandates of PL 93-498, supported the ongoing consensus codes process of the National Fire Protection Association (NFPA). The promulgation and adoption of improved codes will lead directly to a further decline of the loss of life and property due to fire.

  (FY 83-85) 875 k

- Alternative Fire Service Methods & Management

  Assessment of the various methods that local governments are using to provide fire protection and other fire prevention. Information shared with state and local fire services including manuals, other publications and materials.

  (FY 83-85) 60 k

- FEMA Regional Support

  Provision of funds to Regions to support regional fire information centers.

  (FY 83-85) 45 k

- Basic Fire Research (CFR)

  Reinstituted joint research projects with NBS/Center for Fire Research (CFR) supported by USFA funds. These projects involve basic testing, modeling and analysis on subjects such as smoke detectors, extension of use of residential sprinkler technology, fire safety, trade-offs and cost/benefit analysis of firefighting protective equipment.

  (FY 85) 300 k

- Fire Safe Cigarette Research (CPSC)

  USFA Administrator appointed as Vice-Chair of Interagency Committee established by Cigarette Safety Act of 1984. Technical Advisory Committee (15) representing public health, fire safety, furniture and tobacco industries oversees the research activities of this program.

  (FY 85) 150 k

II. Firefighter Health and Safety

- Project FIRES (Firefighters Integrated Response Equipment System)

  During the past three years, the Fire Administration has been involved in a program to improve the design and performance of structural firefighters protective clothing and equipment. This project has produced and field tested three versions of prototypes aimed at lowering the metabolic load of firefighting without sacrificing protection. Prototypes have been field tested in 14 cities. The next version of NFPA 1971 (standard on protective clothing for structural firefighting) will reflect the research findings of project FIRES.

(FY 83-85) 370 k

- Firefighting Equipment

  The United States Fire Administration has been active in the development and testing of tools and equipment for firefighting. Two of the units which are being developed are a short-range radio for fireground communication and an oxyen rebreather breathing apparatus for special incidents. These units have reached the prototype stage and are currently in field testing.

  (FY 83-85) 300 k

- Standards Making Activities

  The U.S. Fire Administration has been active on the committees that set standards for sprinkler systems and for firefighter proteciton. This has included work with the National Fire Protection Association and the American Society for Testing and Materials.

  (FY 83-85) 2 k

- Stress Management and Model Program for Firefighter Physical Fitness

  Developed the framework for a program to address both firefighter physical fitness and stress management. The physical fitness program will be for firefighters who require extensive work to pass the initial physical fitness performance examination. The stress management effort is for reducing stress affecting the fire service in today's environment.

  (FY 85) 210 k

- Apprenticeship Program

  In cooperation with the International Association of Fire Chiefs (IAFF), the USFA has supported the program to develop, promote and implement apprenticeship training for firefighters and emergency medical technicians. This program serves to standardize the training received by departments throughout the country.

  (FY 83-85) 1.5 Mil

- Northwest Firefighter Mortality Study

  The University of Washington Harborview Medical Center is conducting a mortality study of firefighters in the City of Seattle, Washington. This study looks at all causes of deaths that may be associated with changes in fire smoke exposure in recent decades.

  (FY 85) 82 k

- Smoke Detector Effectiveness

  Single station smoke detectors have been in general usage for ten years. To determine smoke detectors long-term effectiveness, the USFA conducted a study of public education, proper installation, maintenance, and reliability of smoke detector components.

  (FY 83) 30 k

- Smoke Inhalation Study

  The USFA has contracted with the American College of Emergency Physicians to develop a diagnosis and treatment protocol for victims of smoke inhalation. This project is nearing completion (June 1986) and the results will be disseminated to the medical community.

  (FY 83) 76 k

- Fire Department Safety Officer's Reference Guide

  The Fire Administration funded the Fire Department Safety Officer's Reference Guide. The work was performed by the National Fire Protection Association (NFPA) and it will be made available through (published by) the NFPA.

  (FY 83-85) 29 k

- Protective Clothing

  The Fire Administration is actively working with the American Society for Testing and Materials (ASTM) F-23 Committee on Protective Clothing to develop standards for chemical protective clothing for use by the fire service. This is a continuing 1984 initiative and complements USFA's participation on the newly formed National Fire Protection Association (NFPA) 1971 Subcommittee on Hazardous Materials Protective Clothing.

  (FY 85)

III. Fire Prevention and Arson Control

o Community-Based Anti-Arson Program

Developed and funded through competitive grants to various community organizations. Over 30 grants provided to create neighborhood based anti-arson programs to mitigate arson related fires.
(FY 84-85) 570 k

o Community Volunteer Fire Prevention

Congressionally mandated effort to increase the scope and effectiveness of local fire prevention through a merger of federal, state and local resources with the private sector to support new community prevention, education and protection programs. Grants awarded to States (20 and DC to date) who in turn fund local projects (61 projects currently).
(FY 84-85) 3 Mil

o Residential Sprinkler Program

Application of quick response sprinkler technology offers a means to dramatically reduce loss of life and destruction to property. Since 1974, USFA has spent considerable resources to develop quick response sprinkler heads. With a significant increase in funds from Congress in FY 85, the USFA has been able to extend the application of this technology through additional research, demonstration and information dissemination. Examples are:

- Research: unique occupancies, cost-benefit analysis, and local fire tests (San Francisco, CA and Lisle, IL)
- Demonstrations: Regional and local fire demonstrations, retrofit demonstrations in high risk occupancies and continuation of retrofitted mobile trailers (20).
- Info dissemination and technical assistance: Local documentation and publication, printed materials, "Ounce of Prevention," Regional workshops, national conference, and technical assistance (Operation Life Safety).

(FY 83-85) 2 Mil

o Juvenile Firesetter Program

Sesame Street and the Childrens Television Workshop, in conjunction with other youth projects, has resulted in development of guides for juvenile counseling to be used by local fire services and schools as well as by the NFA in its field programs.

(FY 83-85) 300 k

o Arson Information Management System

Designed to run on the various microcomputers used by the fire service today, the USFA has developed and refined this technical program for case management use at the local level to identify potential arson.

(FY 83-85) 130 k

o Arson Research and Development

A variety of efforts are supported by USFA to identify and mitigate the worst effects of arson. These R&D efforts include the study of rural arson, support of the federal arson task force, and development of a model urban arson strike force.

(FY 83-85) 150 k

o Arson Education and Resource Projects

Continued support of the Arson Resource Center, housed at the Learning Resource Center/NETC; information provision through the ABA, and the production of several arson and education directives provides the USFA with several methods for continuing to provide information to the fire services and related groups.

(FY 83-85) 200 k

o Teleconferences

In conjunction with FEMA, USFA has funded and provided program management for a number of national teleconferences in arson, residential sprinklers and hazardous materials.

(FY 84-85) 200 k

o Codes Administration Project

Developed and funded project to produce a computer-assisted, reality-based codes training program for local administrators and fire service officials.

(FY 83-85) 100 k

o Public Education and Awareness

Responding to Congressional interest in expanded public education and awareness, USFA is carrying out a broad-based program in support of all USFA programs. In addition, targeted education programs are being carried out starting with two efforts aimed at smoke detector maintenance and community volunteer fire prevention activities.

(FY 85) 1.1 Mil

IV. Fire Data and Analysis

o National Fire Incident Reporting System (NFIRS)

With the cooperation and support from the National Fire Information Council (NFIC), the USFA operates the NFIRS program. Program collects accurate fire data from throughout the U.S. with 38 states and 20 metro areas reporting on a voluntary basis.

(FY 83-85) 800 k

o Data Analysis Support

Manage a comprehensive program of data collection and analyses on issues and incidents relating to fire in response to requirement of P.L. 93-498. Publications and reports, such as Fire in the U.S., are disseminated to interested groups and the public at large.

(FY 83-85) 600 k

o Management Applications Project

Improvement of both long- and short-range planning and tactical decisions of fire executives through the development, testing and adoption of automated management information systems. Pilot sites (Arlington, VA; Prince William County, VA; and Southfield, Michigan) are testing the data systems and additional sites will replicate the data packages. Flexible and adoptable automated data systems will be available to other fire departments.

(FY 83-85) 800 k

- Major Fires Analysis

  In conjunction with support from the NBS/Center for Fire Research, the USFA investigates and analyzes selected fires of special significance. Reports are developed for publication by national fire journals and for use by NFA in resident program.

  (FY 83-85) 300 k

- Special Studies and Reports

  Completion of special studies and reports on current issues facing the fire and rescue service. Examples are a lecture video series with NFPA, alternate heating studies, State-by-State analysis for Community Volunteer Program, firefighter health and injury surveys, public service announcements, and others.

  (FY 83-85) 425 k

Mrs. **Boggs**. Thank you very much, Chief.

Mr. Mollohan.

Mr. **Mollohan**. Thank you, Madam Chairman. I want to commend the witness for his excellent testimony. He is represented by an outstanding Member of Congress and although I am not in his district, in a way I am his constituent, in a sense he represents my region elsewhere on Appropriations so effectively.

Mr. **Hoyer**. Sure, you need a little bias.

Mrs. **Boggs**. We are very grateful for your testimony.

I was wondering if you had any comments on what seems to be a rash of fires in the farm community now that the farm community is in such an economic depression. There is a feeling that many of the fires in farm homes are really being generated by arson by the owners or someone whom they have employed.

Have you had any problems of that sort in Prince George's?

Mr. **Estepp**. Speaking of this region we are not experiencing a problem. Roughly 15 to 20 percent of all the arson in the Washington metropolitan area is considered to be fraud-related. It would not be unusual, and I don't have any specific data on the farm problem, but it might not be unusual, in the case of an economic downturn for that to be one method to deal with the economic problem.

Again, I don't have any specifics on that, but it would not shock me to see something like that occur.

Mrs. **Boggs**. You are very affirmative in your insistence that the stipends are very necessary to the continuance of the training program?

Mr. **Estepp**. Absolutely. The stipends, and in addition there may be some internal work going on now that would even eliminate some residential programs that take place at the Academy. That is an item I don't have any additional information on today. We just learned of it.

But stipends at a minimum must be restored to get the students there; we have to have the resident programs or there is no need to have a training center.

Mrs. **Boggs**. This Committee has appropriated a lot of money to prepare those rooms for occupancy.

Mr. **Estepp**. Absolutely. It was a Presidential Commission that recommended the Academy be established.

Mrs. **Boggs**. Well, we do thank you, Chief, very much.

Thank you, Steny.

Mr. **Hoyer**. Thank you.

SELECTIVE SERVICE SYSTEM

WITNESS

JAMES H. FELDMAN, JR., CENTRAL COMMITTEE FOR CONSCIENTIOUS OBJECTORS

Mrs. **Boggs**. Please may we hear from James H. Feldman, Jr., Central Committee for Conscientious Objectors.

We will make your entire testimony a part of the record. You may proceed.

Mr. **Feldman**. Thank you, Madam Chairwoman.

I am James Feldman, Jr., I am staff attorney for the CCCO. CCCO was founded in 1948 to protect the rights of individuals conscientiously opposed to participating in war. Today we are the nation's largest draft counseling organization, dedicated to helping people and providing reliable information concerning registration and the draft.

Since registration was reinstituted in 1980, Selective Service has worked hard to establish a system to deliver 100,000 men to the military within 30 days after Congress grants induction authority. As you probably know, draft boards have been trained, and periodically Selective Service conducts exercises to assure a state of readiness. It seems the Service has spared no expense to insure that draft age men know of their obligation to register. In their semiannual report they boasted that over 12 million draft-eligible men are now registered.

Selective Service, however, has an obligation to each of these individuals to inform him not only of his duties under the law, but also of his rights. It has an obligation to construct regulations and procedures which protect these rights. Selective Service's efforts in this area have been sorely lacking. In fact, the only publication which Selective Service has produced to fill this need is a 16-page booklet called *Information for Registrants.* Although it is written for registrants, the readability test we have conducted on this booklet indicates that it is written at a college, or even above-college level. It seems strange to us that Selective Service has produced a college-level text for registrants who, by and large, will have high school educations or less. Although it is poorly written, it is the only such resource produced by Selective Service and therefore should be readily available, and unfortunately it is not.

Selective Service has attempted to justify this by saying that the booklet is not needed because people don't want it. Recently they sent notices to approximately 281,000 individuals saying the booklet was available, only 3 percent or approximately 9000 people responded. This is actually a surprisingly large figure when you consider the fact that Selective Service has gone to great expense to create the impression that people don't need to know anything about their rights under the draft law.

This low response highlights the dismal effort that the Service has made to inform people of what they are registering for and what their rights are. Of the nine advertisements that are reproduced in the semiannual report, five don't even give a reason for registration. Three others tell people that the purpose of registration is to create a pool of names to draw on in case of a national emergency, without interfering with people's lives.

If inductions began, the draft I can assure, everybody knows, will interfere with people's lives. It is irresponsible for Selective Service to imply otherwise. Selective Service should use some of its advertising budget to help people understand the importance of learning their rights. If registrants knew that Selective Service plans to give them less than 10 days from the date they receive their induction notices to understand complex Selective Service rules and regulations, most of them would want to receive *Information for Registrants* and any other information now.

Not all men are required under Selective Service law to register when they turn 18. The Service has done nothing to inform these men that they are in fact not required to register. I recently got a call from a mother of a retarded young man who was approaching his 18th birthday. She was frantic because she thought she had to register her son. She thought that there was a chance that he might be drafted because she had heard that such individuals were drafted in World War II.

I asked her some questions, and I discovered that this young man could never get to the Post Office on his own, he cannot walk by himself, he certainly cannot drive, once he got there he couldn't fill out the form because he cannot read very well, and he cannot write. Yet she thought he had an obligation to register.

I told her under the law that he did not have to register. I told her to call the Service, but she was afraid to call the Service; she thought she might get in trouble.

I talked to Paul Knapp, Assistant General Counsel. He said that I was right, he didn't have to register. I told her and she was relieved, of course. But the Service has a duty to inform such parents that their children don't have to register. It could relieve untold suffering, and it could be done easily by sending information to schools for mentally retarded people and by sending information to organizations which are concerned with their rights.

As I mentioned earlier, once the draft begins, inductees will have fewer than ten days to decide how to respond.

From CCCO's experience of over 35 years of draft counseling, we know that this is a prescription for panic. Men who receive orders to report for induction will not act rationally at first. They will not know what to do, nor where to turn, and many will wait to the last minute before seeking assistance.

Selective Service in the past has explained that this short time is necessary in order to provide the inductees within 13 days of mobilization. While this short period may be necessary in the event of a national emergency or war declared by Congress, this time could be lengthened to 30 days or even more in other periods.

In 1971, in an effort to create a draft that was fairer to registrants, Congress instituted the lottery. The lottery subjects each individual to one year during which he is most likely to be drafted. If he is not drafted in that year, it is unlikely that he will ever be. The Congressional intent on this question is quite clear, and it is reflected in my written testimony.

The Service now proposes to return the very uncertainty that Congress hoped the lottery system would prevent. It has proposed regulations which would draft men whose deferments expire ahead of those in the age 20 group. Once a man has been eliminated or deferred, he should be allowed to live his life without imminent threat of being drafted.

A 20 year old who received a medical deferment shouldn't have to wait 14 years to find out that he is not the next person to be drafted in the event that his condition clears up.

An important element of fairness built into the law is that all decisions concerning inductions are to be made by civilians. The Service proposes to eliminate civilian control over an important aspect of this process, the determination of medical fitness.

While the Department of Defense sets the standards for fitness, whether or not those standards have been met may be determined by the civilian draft board. Under proposed changes, a person could not apply for a medical deferment, could not have it determined by a civilian local board, and could not have an appeal decided by a civilian appeals board.

Removing this civilian control from the determination of medical deferments is another example of how the Service disregards the rights of registrants.

While the Service has shown an interest in learning about the concerns of conscientious objectives, it still displays a lack of understanding in this area.

The Service now proposes to require COs to submit to medical examination by military personnel before they consider their CO claims. Many COs will refuse to submit to such examination for the same reason that they are COs. This proposal violates the spirit, if not the letter of the law which provides for the CO exemption itself.

Why must a person violate his beliefs in order to qualify for the exemption designed to protect those very beliefs?

The Service claims to be concerned with readiness and equity. Yet they show little interest in educating draft age men concerning their rights. While SS may be ready, the men who would be forced to serve are not. If inductions were to begin tomorrow, thousands of men who would be eligible for deferments, exemption or postponements would be drafted.

Where is the equity in that? As long as there is a registration for the draft, Selective Service must be required to protect the rights of registrants.

Thank you, and if you have any questions I would be happy to respond.

[The statement of Mr. Feldman follows:]

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STATEMENT OF

JAMES H. FELDMAN, JR.
STAFF ATTORNEY FOR
THE CENTRAL COMMITTEE FOR CONSCIENTIOUS OBJECTORS

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BEFORE THE
SUBCOMMITTEE ON
HUD-INDEPENDENT AGENCIES
OF THE
HOUSE APPROPRIATIONS
COMMITTEE
MAY 8, 1986

A National Agency for Military and Draft Counseling
Founded in 1948 as the Central Committee for Conscientious Objectors

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CCCO is a non-profit, tax-deductible organization

Mr. Chairman, members of the Subcommittee, my name is James H. Feldman, Jr. I am staff attorney for the Central Committee for Conscientious Objectors (CCCO).

CCCO was founded in 1948 to protect the rights of individuals conscientiously opposed to participating in war. Today, we are the nation's largest draft counseling organization, dedicated to helping people and providing reliable information concerning registration and the draft.

Since registration was reinstituted in 1980, Selective Service has worked hard to establish a system to deliver 100,000 men to the military within 30 days after Congress grants induction authority. Draft boards and other personnel have been trained, and periodic mobilization exercises are conducted in order to insure a state of "readiness." The System has spared no expense to insure that draft-age men know of their obligation to register and the potential consequences of failing to do so.

Selective Service is proud of the results of its efforts. In its latest Semi-Annual Report, it boasts that over 12 million draft-eligible men have now registered for the draft.

These 12 million men, and the 5,000 men who turn 18 each day are not raw material to be stored on a shelf until such time as the military wants to mold them into soldiers. Each one is an individual with rights.

Selective Service has an obligation to each of these individuals to inform him not only of his duties under the law, but also of his rights. It has an obligation to construct regulations and procedures that protect these rights. The Semi-Annual Report of the Director makes little mention of what Selective Service is doing to fulfill this latter obligation. The reason is clear. It is not doing very much.

Information for Registrants

The only publication which Selective Service has produced to inform registrants of their rights is a 16 page booklet called "Information for Registrants." It is inadequate. While it is written for registrants, the readability tests which we conducted on it show that it is harder to read that the regulations themselves. Given that the majority of registrants have high school educations or less, it is hard to understand why Selective Service has produced a college level text for them.

Although it is poorly written, "Information for Registrants" is the only such resource produced by Selective Service. It should be readily available. It is not. In its latest Semi-Annual Report, Selective Service attempts to justify this, arguing that the booklet is not needed because so few people are interested in reading it. When they told 280,895 registrants about the booklet, only 3%, or 8,952 people ordered it. This is a surprisingly large number given the expense that Selective Service has incurred in creating the impression that there is no need to find out anything about the draft.

The low response itself highlights the dismal effort Selective Service has made to inform people of what they are registering for,.much less of what their rights are. The registration card doesn't even mention the draft, and neither do most of Selective Service's advertisements.

Of the nine advertisements reproduced in the Semi-Annual Report, five don't give a reason for draft registration. Two of these imply that all men are being asked for is their "signature," or their "name." Three simply state it is "the law" to register. Three others tell people that the purpose of registration is to create a "pool of names to draw on in case of a national emergency ... without interfering with people's lives." Only two even mention the draft, and they downplay the need to find out anything about it. One ad not reproduced in the Semi-Annual Report asks "WHAT HAPPENS WHEN YOU REGISTER WITH SELECTIVE SERVICE?" The answer given: "NOTHING."

These advertisements are misleading. If inductions begin, the draft will "interfere" with people's lives. It is irresponsible for Selective Service to imply otherwise. When men register they do more than sign their names. They place themselves within the nation's defense system which could draft them into the military.

Selective Service should use some of its advertising budget to help people understand the importance of learning their rights. If registrants knew that Selective Service plans to give them fewer than 10 days from the date they receive their induction notices to understand complex Selective Service rules and exercise their rights, most would want to receive "Information for Registrants," and any other available information -- now.

Mentally and Physically Handicapped People

Not all men must register when they turn 18. Selective Service has done nothing to let these men and their parents know that the the registration law does not apply to them.

I recently got a call from a mother of a mentally retarded young man who is approaching his 18th birthday. She was frantic because she thought her son had to register. She was afraid that despite his mental retardation, he would be drafted (she had heard of such things from World War II and Vietnam). She said that he could never get to the post office on his own (he can't drive, or travel unaccompanied by an adult), and once there he could not complete the card without assistance. She wondered if she had to register him. I told her that under the law he didn't have to register, since he couldn't do it himself. She wanted me to call Selective Service to confirm this. She was afraid to call herself. I did, and they confirmed what I had told her. This should not have been necessary. Selective Service should inform such parents and young people that they don't have to register. They could easily do this by sending information to schools for handicapped and mentally retarded people, and through organizations concerned with the rights of such people.

That they don't is simply another example of Selective Service's disregard for the rights of the individuals they seek to register.

Regulations currently in effect, as well as changes recently proposed by Selective Service also reflect this disregard for the rights of registrants.

Registrants have only 10 days to learn their rights

Once the draft has begun, the first wave of inductees will, under current regulations, have fewer than 10 days to decide how they want to respond to the order to report for induction. Our experience of over 35 years of draft counseling tells us that this is a prescription for panic. Men who receive orders to report for induction will not act rationally at first. They will not know what to do or where to turn for help. Many will wait to the last minute before they seek assistance.

Selective Service apparently assumes that men who receive induction orders will respond calmly and rationally, even in the midst of a national emergency with its attendant trauma. This naive assumption leads to yet another de facto deprivation of rights. "Information for Registrants," which used to contain the application form for deferments and exemptions, no longer contains this form. This means that, in the space of ten days, a man with an induction order is expected to go to the Post Office, read this very difficult leaflet, then return to the Post Office for the necessary form, fill out the form, and get it to Selective Service by the day before his reporting date. Even outlining such a scenario shows how unlikely it is. Many men who could and should qualify for reclassification will simply give up.

Selective Service has in the past explained this short time period by saying that it is necessary for it to provide the first inductees within 13 days of mobilization. While this short period may be unavoidable in time of war or national emergency called by Congress, it should be lengthened to 30 days in all other periods. Such a regulation is not without precedent. The Surviving Son deferment, for example, does not apply during such periods.

Rather than provide adequate information to registrants, Selective Service has taken steps to make it even harder for them to discover their rights. Selective Service now proposes to no longer provide registrants with the names, addresses and phone numbers of draft counselors.

The current regulations which provide for a listing in Area Offices of independent advisors who would provide assistance free of charge, although inadequate in itself to meet this obligation, was a step in the right direction. It is our experience that although easy to understand written material is vital, there is no substitute for face to face counseling. This is especially so when the majority of draftees will have poor reading comprehension.

Since Area Offices will be staffed primarily by military people, should draftees want to obtain advice from civilian advisors, without such a list posted in the area office, most will not know where to turn.

Deleting this regulation will prevent many people from receiving the help they need to obtain the exemptions or deferments to which by law they are entitled.

Proposed regulations would increase uncertainty for registrants

In 1971, in an effort to create a draft that was fairer to registrants, Congress instituted the lottery system. The lottery subjects each man to one year during which he is most likely to be drafted. If he is not drafted that year, it is unlikely that he will ever be. Congressional intent is clear on this question:

> "All men with ... high ... numbers can seek jobs without their employers or themselves worrying about interruption."
>
> "Communities have several layers of protections, with the youngest and occupationally least critical men drafted first."

(Report No. 92-82, House Armed Services Committee Report, page 11).

Selective Service now proposes to return the very uncertainty that Congress hoped the lottery system would prevent. It has proposed regulations which would draft men whose deferments expire ahead of those in the age 20 selective group.

While no draft is fair, inducting men whose deferments or exemptions have expired ahead of men in the age 20 selection group is more unfair. Once a man has been exempted or deferred, he should be allowed to live his life without the imminent threat of being drafted. A 20 year old man deferred because of a medical problem should not have to wait 14 years to know that he is not next in line to be drafted should his condition clear up.

There is no need for subjecting men to this level of uncertainty. It is merely another example of Selective Service's disregard for the rights of registrants.

Selective Service Proposes to Loosen Civilian Control

An important element of fairness built into the Military Selective Service Act is that all decisions concerning inductions are to be made by civilians. Selective Service proposes to eliminate civilian control over an important aspect of the induction process -- the determination of medical fitness.

While the Department of Defense sets the standards for fitness, whether or not those standards have been met may be determined by the civilian draft board. Section 4(b)(3) of the Military Selective Service Act give local boards the power to determine all claims.

Under proposed changes, a person could not apply for a medical deferment, could not have it determined by a civilian local board, and could not appeal any denial to a civilian appeals board.

Removing civilian control from the determination of medical deferments is merely another example of Selective Service's disregard for the rights of registrants.

Selective Service Displays Lack of Understanding of Conscientious Objection

While Selective Service has shown an interest in learning about the concerns of conscientious objectors, it still displays a lack of understanding in this area.

Selective Service now proposes to require COs to submit to medical examination by military personnel before it considers their claims.

Many conscientious objectors will, for the same reason they refuse to serve in the military, also refuse to submit to examination at the Military Entrance Processing Station. This proposed regulation violates the spirit, if not the letter, of Section 6(j) of the Military Selective Service Act, which provides for the CO exemption. Why must a person violate his beliefs in order to qualify for the exemption designed to protect such beliefs?

Selective Service's latest version of the Conscientious Objector claim form requires COs to demonstrate that they would get no rest or peace should they be required to serve in the military.

Emotional distress is not an element of conscientious objection. A perfectly calm person can sincerely hold religious or moral beliefs which would prevent him from participating in war. In fact, for some people such a lack of emotional distress is evidence of the depth of their beliefs. Their trust in God or the rightness of their beliefs is such that they are willing to accept the consequences of their beliefs, even if the local board does not believe them, and requires them to refuse induction and face prison.

Conclusion

Selective Service claims to be concerned with "readiness" and "equity," yet they show little interest in educating draft age men concerning their rights. While Selective Service may be ready, the men who would be forced to serve are not. If inductions were to begin tomorrow, thousands of men who would be eligible for deferments, exemptions, or postponements would be drafted. Where is the equity in that? As long as there is a registration for the Draft, Selective Service must be required to protect the right of registrants.

Mrs. BOGGS. Thank you.

Mr. Mollohan.

Mr. MOLLOHAN. Thank you, Madam Chairman. I don't have any questions.

Mrs. BOGGS. We thank you for your testimony, and for your work, and for the 9000 respondents that we are concerned about. Thank you.

Mr. FELDMAN. Thank you.

SELECTIVE SERVICE SYSTEM

WITNESSES

L. WILLIAM YOLTON, EXECUTIVE DIRECTOR, NATIONAL INTERRELIGIOUS SERVICE BOARD FOR CONSCIENTIOUS OBJECTORS

JOHN STONER, CHAIRMAN, BOARD OF DIRECTORS

Mrs. BOGGS. May we please hear from L. William Yolton, Executive Director, NISBCO.

Mr. YOLTON. I have asked John Stoner to join me, who is the Chairman of the NISBCO Board. You have our written testimony.

Mrs. BOGGS. That will be part of the record, and you may summarize as you wish.

Mr. YOLTON. I am L. William Yolton, a Presbyterian Minister and Executive Director of the National Interreligious Service Board for Conscientious Objectives. Before summarizing our concerns, I want to thank the Members of the Subcommittee who intervened with the Selective Service to extend the period for public comment on the proposed regulations. They were pre-published for comment on December 27, 1985.

And thank you for your concern regarding Form 22, the claim documentation form for COs. Through your interest, Form 22 has been improved and the comment period was extended, allowing members of the public to comment on the proposed regulations.

On behalf of the 34 religious bodies in the National Interreligious Service Board, I express our appreciation.

Today in an unusual event in which a number of organizations are appearing before you and still others have provided written testimony, I wish in our limited time to focus on the issue of the provision of information to registrants about classification, the reform of the regulations and on the problems that will ensue in the process of classifying conscientious objectors.

As I have warned before, if the regulations are not reformed and adequate information supplied, the draft will be unworkable, clogged with confusion, non-compliance and litigation; conscripts for whom the Army has no use will be inducted. Money will be wasted, rights trampled, and Congress' objective to respond to a national defense emergency for the military draft frustrated.

NISBCO's official comments on the proposed regulations and on Form 22 went to 30 single-spaced pages. Let me, for instance, explain the problems with just two regulations. One would require that COs must undergo a military physical examination to determine that they are "fit for military service," before their claims for classification can be heard.

In World War I, many COs refused to accept military jurisdiction, even symbolic participation such as obeying military orders or wearing the uniform, and a few died in military prisons as a result.

Ever since that time, provision has been made for COs to by-pass the physical or to be examined by a civilian physician using the medical standards supplied by the Army Surgeon General.

Contrary to statute, the Selective Service system also proposes to remove the civilian local boards and appeal boards from any jurisdiction in this matter of physical examinations. Why disrupt the pattern of 46 years to develop a novel procedure that will make it impossible for many in the historic peace churches and a few in the other religious bodies to cooperate with the law that has worked well in the past?

The second regulation that I point to is one that ends the long history of the relationship of the churches in support of COs to the Government's administration of alternative service for COs. NISBCO's Board and Consultative Council is in unanimous support of the position that others will testify about to you. The longstanding separation of Church and State expressed in the arrangements that Congress reaffirmed in 1971 for the placement of alternative service workers with religious organizations under their direction is to be ended.

Selective Service claims that the Churches are agents of the Government, surely a violation of the First Amendment, and adds a requirement that would exclude some traditional employers from taking conscientious objectors. When General Turnage told me that the position NISBCO and the Mennonites and the Government has maintained until this regime of Selective Service had "no merit," I could not believe my ears. NISBCO has already been informed by a conscientious objector that he will not serve if the proposed regulation is in effect.

I also call to your attention the definition that has been supplied on the conscientious objector form. At least there is a definition, as we suggested last year, and you urged Selective Service to provide. The definition is not the statutory definition, it is not the regulatory definition, it is not the Supreme Court definition in the Clay decision.

It is a definition of psychological distress. Local boards have actually been instructed to reject claimants who do not prove "mental anguish." The CO, firm in his beliefs, serene in spirit, may not qualify. Nor would Jesus, Gandhi, and Martin Luther King, Jr. The CO form must be reformed.

Today, we repeat our plea that information about classification and draft procedures must be easily available to registrants and others. If you declare a national defense emergency tonight, the first draftees will be in training on the 20th or 21st of May, and those who have legitimate claims for reclassification must notify their Selective Service area office by a week from Friday. And I should add—who knows where their office is?

Information about the time limits and the hearing rights and appeals is virtually absent from the present publications available to the public.

Several remedies could be easily supplied. The booklet, *Information for Registrants* should include this information and be made available more widely. The pilot trial of letting registrants know about the booklet in the registration acknowledgement letter and to let them request it on a reply card should be regularized. The hotline number should send the booklet when asked about information.

The system should advertise the availability of information as Jim Feldman discussed. Groups like NISBCO should be allowed to have quantities of the booklet to distribute to those who inquire. We would rather give the government information than our own interpretation.

When the first induction orders are issued, the booklet should be sent them, since the booklets are not in the post offices.

My final suggestion is a personal one, since it has not been discussed with the Board of NISBCO. A portion of the funds for Selective Service should be impounded until Selective Service returns to you with the agreement of NISBCO and others concerned that the congressionally mandated arrangements have been restored, and that a proper definition of conscientious objection is not only on the form but is expressed at every point in the rules and regulations of the system, including the training of local claims board members.

Thank you for hearing our concerns. We are also in support of the concerns of the others who are here to testify, and we will be pleased to supply additional information, particularly to technical questions about regulations.

[The statement of Mr. Yolton follows:]

NISBCO
National **I**nterreligious **S**ervice **B**oard for **C**onscientious **O**bjectors
Formed 1940

Statement of

L. WILLIAM YOLTON
Executive Director

before the

SUBCOMMITTEE ON HUD & INDEPENDENT AGENCIES
Committee on Appropriations
U.S. House of Representatives

FISCAL YEAR 1987 SELECTIVE SERVICE APPROPRIATIONS

May 8, 1986

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The National Interreligious Service Board for Conscientious Objectors, formed in 1940, is committed to helping and supporting all those who conscientiously question participation in war.

NISBCO is a nonprofit service agency sponsored by a broad coalition of religious bodies who join to protect, defend, and extend the rights of conscientious objectors. NISBCO is governed by an eleven-member Board which is elected from members of its Consultative Council.

The Board employs a staff which serves the national CO constituency out of offices in Washington, DC. The staff works as a cooperative team within the policies set by the Board. Their services are provided at no charge.

NISBCO cares for the Conscientious Objector by:

- Providing information on how to document one's convictions as a conscientious objector.
- Providing draft counselor training.
- Providing help and support for COs in the armed forces, or in the Delayed Entry Program, who seek discharge or transfer to noncombatant service.
- Providing nondirective advice for those who conscientiously object to the payment of war taxes.
- Advocating the rights of conscientious objectors before the Selective Service System, the White House, the Courts and Congress.
- Alerting concerned persons to changes that take place or are under consideration regarding military conscription and coercive national service proposals.
- Alerting persons to changes in regulations regarding conscientious objection within the military.
- Maintaining an extensive referral service to local counseling agencies in all areas of country and attorneys who can aid those in need of legal counsel.
- Acting as a national resource center for documents relating to the draft and conscientious objection, as well as the religious response to those issues.
- Advising religious and other agencies with regard to educational curricula as they touch on issues of war, peace and conscience.
- Educating citizens through articles, speaking engagements, and publications to conscientiously decide for themselves what they believe about participation in war.

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I am L. William Yolton, Executive Director of the National Interreligious Service Board for Conscientious Objectors (NISBCO), and a Presbyterian minister. I thank you for this opportunity to bring the concerns of NISBCO before you again.

NISBCO is a coalition of 35 religious bodies, formed to defend and extend the rights of conscientious objectors. NISBCO is one of the primary sources to the public, including these religious denominations and associations, of information about Selective Service's activities and policies.

Before presenting a selection of our concerns, I want to officially thank the members of this subcommittee who worked to have Selective Service extend its deadline for comments on the proposed regulations which were published December 27. Without your intervention, many people concerned about these regulations simply would not have had a chance to be heard by Selective Service. Second, I want to thank you for your concern over the past year and a half with the development of Selective Service's conscientious objector form, Form 22. It was partly through your concern that this form be clearly and fairly written that it has indeed been pre-published in nearly final form January 22 with many improvements. NISBCO is grateful for your efforts in these areas.

Unfortunately Selective Service has not responded favorably to all of your suggestions. I had hoped to be able to report today that Selective Service is adequately heeding your call to provide more relevant information to registrants themselves, but I cannot. Were the draft to begin tomorrow, as Selective Service has a mandate from Congress to prepare to do, there would be a disaster. Not only would the draft be plagued with practical and legal problems, but the rights of many conscientious objectors and other registrants would not be honored.

NISBCO's primary concern today is that Selective Service should provide information on classification procedures to registrants, and should reform its proposed regulations so that the rights of registrants under a draft will be respected.

I can assure you that if these two steps as further outlined below are not taken, not only will the regulations and classification procedures prove to be a source of litigation, but the cost to the government in readiness, and the cost to society in values, persons, and rights, would be incalculable. Many true conscientious objectors will be railroaded into the armed forces; there will be widespread confusion among conscientious objectors and others with valid claims to exemption; and there will be lawsuits against Selective Service because of lack of public information about classification procedures, lack of due process rights, and procedures which compromise the beliefs of conscientious objectors.

Availability of Information

Selective Service needs to provide more information to registrants on the classification process under a draft, and on the planned procedures under an emergency draft, for the reasons outlined below.

Point one: in a mobilization or other resumption of a draft, the first draftees will be inducted into the Armed Forces 11 to 13 days after a reauthorization of a draft by Congress. This means that assuming a national defense mobilization tonight, by May 21 or 22, young men could be at the induction stations to be drafted.

Point two: applications for reclassification (C.O., hardship, etc.) must be mailed within nine days of the date the draftee's induction notice is mailed. If not done within those few days, the draftee forfeits all rights to reclassification.

Point three: Selective Service has not provided one jot of media information to the public about the speed of such a draft or the legal options of young men under such a draft.

Point four: Right now Selective Service doesn't even provide information on classification procedures and draftees' rights to people who use their much-publicized "information hotline" to ask for such information. A NISBCO staff member called the national headquarters for this information; he was referred to SSS's public service hot-line. The hot-line operator informed him that SSS had a one-page fact sheet which the operator described as inadequate and inaccurate, and that he should look up the information in the local library. In the D.C. library, the most recent information on classification and induction procedures dates from the completely different procedures of the early 1970's. On a second call to the headquarters (not the hotline) our staffer was referred to the public affairs office, which provided him with an "Information for Registrants" booklet and several fact sheets. Most registrants, however, cannot be expected to search beyond the hotline for draft information, especially since the hotline's ostensible purpose is to provide information.

Point five: Selective Service is revoking its regulation requiring area offices to post lists of people willing to advise registrants of the classification and induction process and their draftees' rights under that process. At one time the System provided information through local board appeal agents, then that assistance was reduced to official advisors to registrants, and now the provision for the posting of a list of persons who would be willing to advise registrants has been eliminated. These lists would have been an aid to uninformed draftees; now draftees will have no such independent information.

Point six: the supply of Selective Service's informational booklets about the classification process is so small (less than 30,000) that if a draft were to come back there would only be enough of the booklets to supply the post offices in the Washington metropolitan area (with only 150 booklets per post office.)

Point seven: according to a letter to NISBCO from a Selective Service official, Selective Service expects to reject two-thirds of the conscientious objector claims (based on their projections from the Vietnam War).

In short, draftees must apply for reclassification within nine days of the mailing of their draft notice; SSS at present does not supply information on this to people who use their hotline to request it; lists of advisors have been banned from SSS area offices; only a token quantity of informational booklets exists; and SSS expects to reject 2/3 of conscientious objector claimants who make it through this maze. If ever there was a real Catch-22, this is it.

In marked contrast to this existing situation are Selective Service's assurances that the agency is protecting the rights of registrants under the system, and that it is providing them with needed information. A 1983 Selective Service report to Congress asserted:

> "It is especially important for potential CO claimants to understand the classification process. Selective Service will continue its informational campaign with the public and with young men in particular to inform them of their legal rights in the event inductions are resumed sometime in the future."

Unfortunately, Selective Service did not have in 1983, nor does it now have an informational campaign to inform the public and particularly young men of their legal rights under a draft. In fact, Selective Service seems to have a policy to withhold information, since the source of information for registrants (the hotline) provides no such information!

(Selective Service has published a much expanded booklet called "Information for Registrants" which replaces the Classification Information Booklet. Although improved, the new booklet still does not tell of the rights of registrants for appeal, and the time limits that must be met. At many points it fails to tell of classification requirements Selective Service has established in its internal documents which will hinder registrants in the documentation of their claims.)

A Solution: Selective Service Reply Cards and Public Service Announcements

In the interest of getting information out at least to those registrants who would most want it, we ask as a minimum that the reply cards included in registrant acknowledgment letters include a place for registrants to request a booklet through the mail from Selective Service. This method has already been tested by Selective Service and found to work. The only problem in that test was that most registrants were unaware of the importance of the booklet, apparently having believed Selective Service's assurances that registration's purpose is a list of names, not a draft. Though only 3.2% in Selective Service's test run requested the booklet, even that concern should be honored. In addition, NISBCO and other organizations should be able to obtain the booklets in bulk.

To remedy the lack of awareness on the part of registrants, Selective Service should be advised to advertise through the public media, and with posters in the post offices and other locations, that a new informational service is being introduced, consisting of booklets that explain the classification and induction process, and which can be obtained by sending a card to Selective Service.

Selective Service, under Thomas Turnage, had a remarkable record of obtaining free adverstising by broadcasters and publishers. NISBCO would hope that this record could be continued in regard to the availability of these booklets.

Second, assuming that "Information for Registrants" booklets will not be available in Post Offices, Selective Service should plan to send these booklets along with draft notices to all potential draftees in the prime selection group in at least the first month of a mobilization, to guarantee their access to the information. Otherwise, it seems impossible for Selective Service to get such informational booklets into this nation's post offices in sufficient quantity with sufficient speed to ensure that the first draftees have access to them.

Neither of these steps--sending the booklets now to those who return a reply postcard and sending the booklets to all early draftees--will require much funding now. The largest expense would be incurred during a mobilization itself, when presumably a modest cost would not be a factor.

Concerns About Proposed Regulations

NISBCO is greatly concerned about several regulations changes which Selective Service proposed on December 27. We have commented formally on our concerns to the agency, but we feel it is important to reiterate these concerns to this subcommittee, so that you will be aware of the problems that will be engendered by the proposed changes. NISBCO supports the positions of the other organizations testifying today regarding these changes.

First, the proposed change in Section 1624.7 would radically change the order of call in a future draft. The proposed regulation would require that men up to age 35 be immediately drafted when their exemption or deferment expires, regardless of whether their age-group is being drafted at that time. The past regulations operated on a "youngest first" principle, and only drafted men up to age 26 when their exemptions or deferments had expired. Men over age 26 would have been drafted only if all available under 26 had been taken, and members of their own age-group were being drafted.

The past system was congressionally-designed, so that both communities and families would not need to fear for fifteen years the loss of an important, mature member. In setting up the "Uniform National Call" draft system in 1971, the House Armed Services Committee explained the rationale for a youngest-first draft by saying, "...communities have several layers of protection, with the youngest and occupationally least critical men drafted first." (Report No. 92-82, p. 11.) There is no reason that men over age 26 should remain in the first priority draft group.

Second, NISBCO is in full support of our member organizations' comments on the proposed regulations (Section 1656.5 (a)(1)(iii)) that change the longstanding, congressionally mandated arrangements for alternative service employers. The Board and Consultative Council of NISBCO agreed in 1984 with the position of the Mennonite Central Committee, which will be described in their testimony today. The new regulations would make it impossible for the largest groups of conscientious objectors to serve with their traditional employers. The System has provided no rationale or court precedent for its regulation. Were such a regulation to be finalized it would increase non-compliance.

Third, the change at Section 1630.16 would require require conscientious objector claimants to violate their consciences in order to have their claims heard. Selective Service will require that all COs must first submit to a military physical examination prior to classification. That requirement is unacceptable to a significant part of the religious conscientious objector community who cannot agree to military jurisdiction. Selective Service has provided for this group in the past by allowing them to by-pass the examination entirely, or to be examined by a civilian physician, using the standards provided by the military.

Fourth, Selective Service has further compounded the unjust treatment of COs by proposing (Section 1648.4 (b)) that if they do not show up for the hastily scheduled personal appearance before the local board, their claims can be deemed abandoned. The Supreme Court in Mulloy ruled that prima facie conscientious objector claims must be considered and cannot be summarily denied. To deny a conscientious objector claim simply because the claimant missed a short-notice personal appearance would violate the intent of the Supreme Court in Mulloy.

Form 22

In the matter of the conscientious objector documentation form, Form 22, a definition of conscientious objection has indeed been supplied as we asked last year and you urged. The definition on the form, however, is neither that in the statute, nor in the regulations. It is a test of psychological distress, and not a definition of belief and sincerity, as the Supreme Court in Clay mandated. Such a definition as has been supplied has already been ruled against in one jurisdiction, and surely will be disqualified when litigated.

Furthermore, there are several different definitions of conscientious objection in the official documents of Selective Service. Some of these definitions are not made known to registrants. Behind the definition on the form is another set of requirements in the "Information for Registrants Booklets" which is different. Behind that booklet is another set of requirements in the Registrants Information Management System manual. Behind those requirements are the instructions in the Board Members Manual, and they are in turn interpreted by a set of requirements that were taught in the training of local board members. Many of these rules contradict Supreme Court decisions, and taken together they are thoroughly inconsistent. They certainly have not been pre-published for comment as the 1971 revision of the Military Selective Service Act requires. The form is improved, but the problem of a satisfactory definition remains.

Importance of these Issues

I thank the members of this subcommittee for your continuing interest in these matters. At times these issues may seem merely academic, but we can all be certain that if our country begins drafting again, as Selective Service must plan for, the issues you now consider will claim national attention and will affect the lives of tens of thousands of people. That is why we must try our utmost to correct the mistakes.

Mrs. **Boggs**. Thank you very much.

Mr. Green.

Mr. **Green**. Sorry I missed the start of your statement, but our chapter was on the floor and I had to be up there.

I am aware of your concerns. As you know, this has been an area of concern for me.

Mr. **Yolton**. You have done well by us.

Mr. **Green**. Thank you.

Mrs. **Boggs**. Mr. Mollohan.

Mr. **Mollohan**. Thank you, Madam Chairman.

I appreciate the testimony. It is very informative. I have no questions.

Mrs. **Boggs**. Thank you very much for your testimony. We appreciate very much your attendance.

SELECTIVE SERVICE SYSTEM

WITNESSES

ELMER NEUFELD, CHAIRMAN, MENNONITE CENTRAL COMMITTEE

AARON E. MARTIN

TIM MARTIN

Mrs. **Boggs**. Please may we hear from Elmer Neufeld, Chairman of the Mennonite Central Committee.

Mr. **Neufeld**. We want to thank you for this occasion to give testimony regarding appropriations for the Selective Service system.

I am Elmer Neufeld, Bluffton, Ohio, Chairman of the Mennonite Central Committee and we are here with one primary concern regarding Selective Service. We are concerned that a new regulation proposed by Selective Service will bar our participation as a church agency along with other religious groups from any future alternative service programs.

Our purpose here today is to request your intervention to prevent this from happening.

The Mennonite Central Committee is an association of 12 Mennonite and Brethren in Christ church bodies founded in 1921 to send relief to victims of World War I. During World War II we supervised alternative service work for hundreds of Mennonite COs. In the 1950s and 1960s we continued voluntary service work, sending alternative service workers to many parts of the world and to hospitals and cities in the United States. In fact today we have something like a thousand Western workers serving in about 50 countries of the world.

With me today are Aaron Martin and his son Tim. Mr. Martin did alternative work under his church in 1962 and 1963, and if there should be a draft again, his son Tim would like to do alternative service work in the church's social service program. But if these new regulations stay as they are, this would not be possible.

Three years ago we learned that church agencies might not be approved as alternative service employers as they have been in the past. We have tried to negotiate the issue with Selective Service officials. The eminent constitutional lawyer William Ball of Harrisburg, Pennsylvania, wrote a memorandum presenting our case, but we received no response from Selective Service to his arguments. Their only answer, presumably the final answer, was contained in the proposed regulations published December 27, 1985. We have come to your Committee as kind of a last resort.

The proposed regulation which concerns MCC limits alternative service employers to "those who do not require as a condition of employment of an ASW 'alternative service worker' (a) his commitment to any political or religious belief or doctrine or (b) his membership or nonmembership in a political or religious group."

Selective Service has argued that MCC limits its alternative service programs to members of Mennonite churches, and that this regulation is intended to stop that supposed practice. But MCC has never limited any of its programs to members of Mennonite churches. Some of our alternative service programs, but not all, have required workers to affirm a general statement of Christian faith. MCC encourages the participation in its service programs of individuals from a wide variety of denominations. In fact we have about a third of our workers from other denominational groups, a wide variety of denominations.

Nonetheless, MCC has been informed by Selective Service that the affirmation of faith required as a condition of employment in some of our alternative service programs will rule MCC out as a future alternative service employer.

Alternative service, from its inception in World War II, has had substantial involvement of religious organizations and in fact alternative service would not have worked as well without the considerable effort of religious organizations.

It is this practical, workable alternative service system that Selective Service threatens with its new regulation. Our concern is that Mennonite Central Committee and other religious organizations like it should be eligible alternative service employers, so that religious conscientious objectors who wish to may do alternative service in the human welfare program of their religious organizations.

We don't have time to go into the history of conscientious objection, but we have had a long history of churches as employees of COs, especially in World War II and again in the 1950s and 1960s.

The heart of the matter for us is three-fold. First, can Selective Service require MCC and other religious groups to alter their religious practices even though they are in no way connected to the government, having a uniquely independent relationship with SSS? Second, can religious agencies be forbidden to screen job applicants by their religious beliefs when even Selective Service applies a religious test for conscientious objector status itself? And third, can Selective Service merely by regulation add a second regulatory requirement to the Congressionally mandated definition of alternative service which already exists in law, and which requires only that alternative service support the maintenance of the national health, safety, or interest?

I would like to call your attention to a 1971 Conference Report relating to regulations in which Congressional intent was indicated that local arrangements under which alternative service is now performed with religious and other organizations not be needlessly disrupted. This is the pattern under which we have been working in the past.

On behalf of the Mennonite Central Committee, we respectfully request that this Subcommittee take necessary steps to ensure that the alternative service system remains as it has been in the past: a relatively autonomous program conducted by a diversity of civilian organizations, including churches, who have freedom to shape their service program within the statutory definition of alternative service. If this is not done, the Selective Service System will perpetrate a serious misuse of public funds in its administration of alternative service. As for us, we will continue to seek redress through legislative and/or judicial channels.

We are grateful for the chance to testify. We will be glad to comment on any questions you may have.

[The statement of Mr. Neufeld follows:]

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May 8, 1986

TESTIMONY OF ELMER NEUFELD, CHAIRMAN, MENNONITE CENTRAL COMMITTEE, BEFORE THE SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, WASHINGTON, D.C., MAY 8, 1986.

I want to thank the members of this subcommittee for providing the opportunity to testify regarding appropriations for the Selective Service System. I am Elmer Neufeld from Bluffton, Ohio, chairman of the Mennonite Central Committee (MCC). The Mennonite Central Committee has one primary concern regarding Selective Service which brings us here today: we are concerned that a new regulation proposed by Selective Service will bar our participation, along with other religious groups, from any future alternative service program. Our purpose here today is to request your intervention to prevent this from happening.

The Mennonite Central Committee is an association of twelve Mennonite and Brethren in Christ church bodies. It was founded in 1921 to send relief to victims of World War I. During World War II it supervised alternative service work for hundreds of Mennonite conscientious objectors. In the 1950s and 60s it continued its voluntary service to meet human need, sending alternative service workers to many countries of the world as well as to work in the hospitals and cities of the United States.

With me today are Aaron Martin of Ephrata, Pennsylvania, and his son Tim. Mr. Martin did alternative service work under the mission board of the Mennonite Church in 1962 and 1963. If there should be a draft again, Tim would like to do alternative service work in the church's social service program. If these regulations stay as they are, he will not be permitted to do so.

Last Resort

Three years ago we learned that church agencies might not be approved as alternative service employers as they have been in the past. We have tried without success to negotiate the issue with Selective Service officials. The eminent constitutional lawyer William Ball of Harrisburg, Pennsylvania, wrote a memorandum presenting our case, but we received no response from Selective Service to his arguments. Their only answer, presumably the final answer, was contained in the proposed regulations published December 27, 1985. We have come to your committee as a last resort.

The Problem: Changing the Shape of Alternative Service

The proposed regulation which concerns MCC limits Alternative Service employers to "Those who do not require as a condition of employment of an ASW / Alternative Service Worker/ (A) his commitment to any political or religious belief or doctrine or (B) his membership or non-membership in a political or religious group."

Selective Service has argued that MCC limits its alternative service programs to members of Mennonite churches, and that this regulation is intended to stop that supposed practice. But MCC has never limited any of its programs to members of Mennonite churches. Some of our alternative service programs, but not all, have required workers to affirm a general statement of Christian faith. MCC encourages the participation in its service programs of individuals from a wide variety of Christian denominations.

Nonetheless, MCC has been informed by Selective Service that the affirmation of faith required as a condition of employment in some of our alternative service programs will rule MCC out as a future alternative service employer.

The Selective Service System has not cited any court cases or interpretations that support the supposed need for this change. Had there been a basis in law for the change, the alternative service system would have been challenged in court long ago.

Alternative Service, from its inception in World War II, has had substantial involvement of religious organizations and in fact alternative service would not have worked as well as it did without the considerable effort of religious organizations. It is this practical, workable alternative service system that Selective Service threatens with its new regulation. Our concern is that MCC and other religious organizations like it should be eligible alternative service employers, so that religious conscientious objectors who wish to may do alternative service in the human welfare program of their religious organization.

Alternative Service in Historical Perspective

Mennonites have been compelled by their religious conscience, through more than 400 years of history, to refuse participation in violence and war. In the 18th century, some of the Mennonite groups migrated to Russia, with the promise of the Russian government that they would not be conscripted into the armed forces. Barely 100 years later, Russia began conscripting Mennonites -- so these groups migrated again, this time coming to the United States.

During World War I, many Mennonites and other conscientious objectors spent time in military prison for refusing to take part in military training, or for refusing to participate in noncombatant military service, which the government considered a valid alternative to combatant service, but which the conscientious objectors did not. Several of these men died in prison from abuse aimed at persuading them to do the work assigned them or to wear a military uniform.

The World War I experience of Mennonites and other conscientious objectors led directly to a concerted effort before World War II for a viable alternative to military service. The legislative provision for conscientious objection which was forged through the efforts of the so-called historic peace churches (Brethren, Mennonites and Quakers) has lasted to this day. Alternative service was provided for in the Civilian Public Service program.

Under an agreement worked out with Selective Service and the Roosevelt administration, most of the CPS camps were funded by the churches, in order to keep the churches clear of obligation to the government. In the 1940s and '50s, thousands of conscientious objectors worked in mental hospitals. Their work contributed to major reforms in the field of mental health. By the time of the Vietnam conflict, alternative service was done in a wide variety of employment settings, many of them church sponsored. Furthermore, conscientious objectors who chose to do so were employed in domestic and overseas church-sponsored programs whose personnel qualifications required assent to religious beliefs. During periods when there was no draft, hundreds of young Mennonite men and women did voluntary service to meet human need, and this continues today.

Selective Service, with its proposed regulation, is about to change this whole scheme. It will disqualify a wide range of religious organizations as employers, thereby inviting court challenges on constitutional grounds and disruption of the system by sincere conscientious objectors who are denied satisfactory alternative service work assignments. A very significant block of private sector employees of conscientious objectors will be disqualified.

Selective Service's New Regulation is Not Valid

The heart of the matter for us is three-fold. First, can Selective Service require MCC and other religious groups to alter their religious practices even though they are in no way connected to the government, having a uniquely independent relationship with SSS? Second, can religious agencies be forbidden to screen job applicants by their religious beliefs when even Selective Service applies a religious test for conscientious objector status itself? And third, can Selective Service merely by regulation add a second regulatory requirement to the Congressionally mandated definition of alternative service which already exists in law, and which requires only that alternative service support the maintenance of the national health, safety, or interest?

1. Selective Service's position is that an employer who accepts alternative service workers is an agent of the government, and must therefore stay within federal employment policy in its hiring of alternative service workers. This means that employers cannot require a statement of faith on the part of alternative service workers, as MCC does.

Constitutional lawyer William Ball, who has represented the Amish in cases before the courts, including the Supreme Court, has examined Selective Service's arguments and found them lacking. In examining SSS's contention that alternative service employers are agents of the government, Attorney Ball writes:

> "'Agency is the fiduciary relation which results from the manifestation of consent by one person to another that the other shall act on his behalf and subject to his control and consent by the other so to act.' General Building Contractors v. Pennsylvania, 458 U.S. 375, 392 (1982). The essential element of an agency relationship is the right of the principal

> to control the conduct of the agent. Id. at 393. The duty of an agent is to transact some business or manage some affair for the principal by the latter's authority and thereby to bind the principal with respect to third parties. The agent has no personal interest in the subject matter and does not profit therefrom, except as to his compensation from the principal. C.J.S. Agency ss4(c).
>
> "Examination of the relationship between MCC and SSS shows that it is clearly not one of agency. MCC is an organization which engages in the activity of Christian service to communities. MCC accepts ASWs /Alternative Service Workers/ into its service, but MCC has complete control over the type of work to be performed, wages, hours and conditions of employment. MCC is vitally interested in the work ASWs do because it furthers the community service to which MCC is called. SSS has no control over the activities of MCC even though the activities comply with the statutory requirement of being conducted for the public benefit. MCC is not compensated for receiving ASWs. MCC is not a fiduciary of the SSS transacting business on its behalf. It would be ridiculous to think that by providing alternative service MCC is now authorized to bind SSS to third parties."

The requirement by MCC that alternative service workers sign a statement of faith for employment in some of our programs does not violate the establishment of religion clause, therefore, says Attorney Ball, because MCC is not a governmental actor.

Furthermore, Ball says, SSS's proposed regulation would violate the free exercise clause of the Constitution, because it would discriminate against particular religious groups because of their religious practices. SSS proposes to bar MCC from the alternative service program because of MCC's religiously based standard of employment. This penalizes MCC for its religious beliefs.

2. The second problem with SSS's argument is that it proposes to ban religious factors from alternative service employment criteria when religious factors are central to SSS's own determination of the validity of conscientious objector claims themselves. This is doubly ironic since SSS is apparently preparing to strictly judge the merits of CO claimants in a future draft.

This contradiction will certainly result in cases of young Mennonites who will take great pains to prove to local draft boards that they are indeed "sincerely opposed to participation in war in any form by reason of religious training and belief," but who then find that SSS will not allow them to work in a Mennonite service setting where they could give positive expression to their religious training and belief.

Such a situation will surely leave some young Mennonite conscientious objectors dissatisfied with the alternative service system, perhaps even leading to a refusal to serve in alternative service on the part of some COs.

3. Finally, Congress has already defined in the Military Selective Service Act the legal requirements for alternative service, which do not include any reference to Selective Service's proposed regulatory requirement

that particular employers cannot make employment for certain jobs conditional on religious beliefs. The Military Selective Service Act requires only that alternative service be work done in the national health, safety, or interest (Sec. 6j).

Congress has also made clear its intention that alternative service remain open to church involvement and that the basic structure of alternative service remain unchanged. In 1971 during a revision of the Military Selective Service Act, the House suggested amending the Act by placing alternative service under the direction of the Director of Selective Service. Prior to this change, local draft boards assigned conscientious objectors to alternative service jobs. Some boards made assignments to jobs that were meant to be punitive in nature, while some found meaningful, constructive work for the conscientious objectors. By placing alternative service under the Director, Congress was trying to do away with this inequity, so that conscientious objectors in general would be assigned to meaningful, nonpunitive jobs.

The Senate, however, with almost uncanny foresight, accepted this change on one condition -- that:

> "....the Director of Selective Service may draw heavily on the experience and the recommendations of the local boards and State Directors in assigning conscientious objectors to alternative service and that local arrangements under which alternative service is now performed with religious and other organizations will not be needlessly disrupted." (Conference Report No. 92-433, p. 21, July 30, 1971.)

Religious alternative service employers, including MCC, had always worked to find meaningful jobs for conscientious objectors, so that the jobs furthered the growth of the individual conscientious objector as well as being a service to the community and society as a whole.

MCC's Request of This Subcommittee

On behalf of the Mennonite Central Committee, we respectfully request that this subcommittee take necessary steps to ensure that the alternative service system remains as it has been in the past: a relatively autonomous program conducted by a diversity of civilian organizations, including churches, who have freedom to shape their service program within the statutory definition of alternative service. If this is not done, the Selective Service System will perpetrate a serious misuse of public funds in its administration of alternative service. As for us, we will continue to seek redress through legislative and/or judicial channels.

We understand that other organizations will be testifying today. The Mennonite Central Committee lends general support to their concerns, where they support the rights of conscientious objectors within the draft system. In many cases, the concerns of those organizations are ours as well, but we have not had time to address those issues today.

We thank you again for this opportunity to testify. If there are questions now, we would be happy to respond.

Mrs. **Boggs**. We thank you so much, Dr. Neufeld.

Mr. Green.

Mr. **Green**. Let me try to nail down the legal arguments a little bit more. Is the Selective Service System telling you that in order to become an alternative form of valid alternative service you become subject to the anti-discrimination laws and therefore have to take people of all faiths?

Mr. **Neufeld**. That is right. They are basically saying that if they would assign COs to us under the law, that we would in effect be an agent of the government and therefore we would be subject to anti-discrimination requirements, and that our using a statement of faith—at least some of our workers would violate that.

Mr. **Green**. You don't get any Federal money?

Mr. **Neufeld**. No, we don't. No, Mr. Green, we are a private agency.

Mr. **Green**. Thank you, Madam Chairman.

Mrs. **Boggs**. Tim, what are you doing now?

Mr. **Martin**. I am a senior in high school right now.

Mrs. **Boggs**. Do you do some community work?

Mr. **Martin**. Yes, I have.

Mrs. **Boggs**. Would you like to tell us about some of your community or church work?

Mr. **Martin**. I have been active in teaching some of the younger children in our church, as well as doing some general work for the church, so I have spent some time volunteering with organizations such as MCC.

Mrs. **Boggs**. You have been working in the community as well?

Mr. **Martin**. Well, just this past weekend the youth group from our church was up in New York City working for Habitat for Humanity, working on construction of a housing project there.

Mrs. **Boggs**. So you have a long history at a very early age of the kind of service that would be considered valuable alternative service.

Mr. **Martin**. Yes, and my father just mentioned that I guess it was my 7th birthday, our family worked on a project down in Mexico.

Mrs. **Boggs**. You reached the age of reason by then, of course. Thank you very much. I thank all of you for your testimony. We are very happy to have heard from you.

SELECTIVE SERVICE SYSTEM

WITNESS

REV. CHARLES L. BOYER, CHURCH OF THE BRETHREN

Mrs. **Boggs**. Please may we hear from Charles L. Boyer, Church of the Brethren.

Mr. **Boyer**. Thank you, Madam Chairman.

Mrs. **Boggs**. Your entire statement will be part of the record.

Mr. **Boyer**. I sometimes think as a church person I spend a lot of time in meetings, but compared to what you folks go through—I don't know.

I will be brief. I would like to pick up on what the previous presenters shared with you.

As the Church of the Brethren, we, along with the Mennonites and friends, have been known historically as the peace churches. While our experiences are slightly different than the Mennonites in that we do not require in any of our programs a test of faith, we still are obviously a Christian organization.

The only reason we provide volunteer opportunities and alternative service opportunities are out of that faith position. Selective Service has also notified us that because we are a religious organization, even though we have tried repeatedly to verify that, that we do not in any way discriminate on the basis of Christian, non-christian, or non-faith position, apparently it appears to Selective Service that we somehow violate the provisions that they would need to have in place.

Since 1940 we have been very much involved as a denomination in providing alternative service opportunities. One of the disheartening things for us is that we feel, beginning with World War II, the Korean and Vietnam conflicts, we were able to work and negotiate with Selective Service so that we together had worked out a quite acceptable program. One of the amazing things to us is that from our perspective, the Mennonites, Church of the Brethren and some other religious organizations were prime employers of alternative service workers, and in most cases our programs were very well received.

Now, certainly there were times when Selective Service and the churches had conflicts, but they were usually resolved; and we thought very satisfactorily. So we are quite concerned now. I cannot sit before you folks and say if we don't have this opportunity we will have "x" percent of our men who will not want to cooperate. There will be some who will be discouraged and may choose to not perform alternative service if they feel they have to do it through government programs.

We feel that we have cooperated with Selective Service in the past, and could do a satisfactory job of it again.

The second thing I will like to mention, beginning on the second page in my printed material, is the way in which Selective Service proposes to close a draft board hearing for COs. As a young man I struggled personally until I was a junior in college with my conscience, with my religious teaching to know what I believed about conscientious objection. And I remember as a 20 year old with three years in college behind me, that first draft board hearing I had and the anxiety that I felt, and when one of the draft board members began to tell me of his son who was killed in Iwo Jima during World War II—this would have been 1958—I can remember the sweat pouring off of me. I was thinking good Lord, what does this man experience and what is he feeling? How am I going to respond? This is fourteen years later, and the pain of this. I figured he might say to me my son gave his life for his country, you are a coward. When he got done all he did was cry, the pain was still so great.

But I remember that as a 20 year old. And Selective Service's feeling that draft board hearings should be closed, I think, just puts that much more pressure on the young person who might like to have parents or somebody present as backup and support.

We would hope that you folks might encourage Selective Service to allow the draft board hearings to be open. The past law provided if anybody became disruptive and certainly that had to be very, very seldom, but if it happened, the local board had the privilege of asking defendants or persons present to leave.

We cannot see much gained by closing the draft board hearings, that would certainly add to pressure to an 18 or 19 year old who has to be defending beliefs that he likely holds very deep, but which may be difficult to defend when he feels he may have a hostile audience.

Well, thank you very much. I think that is the heart of what I wanted to share with you. I, too, will be glad to respond to questions.

[The statement of Mr. Boyer follows:]

STATEMENT OF THE REV. CHARLES BOYER, CHURCH OF THE BRETHREN TO THE APPROPRIATIONS SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES HOUSE OF REPRESENTATIVES -- MAY 8, 1986

Chairman Boland and members of this Subcommittee, the Church of the Brethren thanks you for this opportunity to testify about our concerns regarding the Selective Service System. I am Charles Boyer, a Church of the Brethren minister, now working as Peace Consultant in the Church's headquarters in Elgin, Illinois. The Church of the Brethren is one of the **"historic peace churches"**, and as such has consistently opposed the waging of war, and, therefore, supports the right of conscientious objection to military service.

It has been some years since the Church of the Brethren has come before Congress regarding the draft and conscientious objection. We do not often testify, and only do so when we feel the issue is of great significance.

Such is the issue today. Our primary concern is new restrictions on Alternative Service employers under the regulations recently proposed by Selective Service. A secondary concern is the proposed closing of draft board hearings, so that the public may not be present. These proposed regulations appear to us to damage individual and religious freedom, and may result in costly litigation should they be implemented in a draft situation.

The Status Of Alternative Service --

Past conversations with Selective Service officials indicate that certain longstanding Brethren volunteer programs would be ruled-out of a future Alternative Service System because of one proposed regulations. That regulation states that Alternative Service employers should be limited to, among other things, **"Those who do not require as a condition of employment of an ASW/Alternative Service Worker -- (A) his commitment to any political or religious belief or doctrine or (B) his membership or non-membership in a political or religious group."**

As a religious body we have provided, along with other religious and secular agencies, Alternative Service opportunities during World War II, the Korean and the Vietnam conflicts. Our programs have been open to members of our own Christian denomination, other Christians, members of non-Christian religious bodies and persons espousing no religious tradition or belief. We have not discriminated on the basis of religious belief or practice!

However, as an employer of Alternative Service Workers, we do have criteria which our men must meet. I think it is important to share these criteria since it is here that the Selective Service System staff have declared we do not meet their criteria to employ ASW's in the future.

We are obviously a religious organization. We wish to provide Alternative Service employment because many members of our own **"peace church"** and other religious groups want to perform their alternative work through a church organization. But, many men have sought to work with us because of the way our programs are administered and not because of any religious nature of our organization.

In order to provide meaningful assignments for ASW's coming to us, we require a brief (two to four weeks) orientation and screening before assigning the men to specific work programs. It appears that this screening is the main concern to Selective Service staff.

During the orientation/screening period, opportunities for religious worship and discussion are provided. This is to be expected of a program founded to meet the needs of religiously-motivated conscientious objectors to military involvement. Most ASW's assigned to us expect and appreciate this aspect of our orientation process. **No person participating in our ASW programs is required to participate in religious worship or discussions.** The freedom to participate or not participate is present during the orientation and on assignment to work projects.

The only other criteria and expectations we have for ASW's relates to amount of time to be on the job, respect for mores of the community hosting the ASW, etc. Again, there is nothing discriminatory in these general guidelines for men assigned to us. Let me point out again that we **do not**, despite Selective Service assumptions to the contrary, require:

A. Commitment to any political or religious belief or doctrine, or

B. Membership or non-membership in a political or religious group.

If Selective Service does not allow church service programs to be one form of Alternative Service, I suspect that some men will refuse to perform Alternative Service and will choose imprisonment. My suspicion is bolstered by a letter written recently by a young Brethren who had heard of this proposed regulation in a church newsletter. He wrote:

> **"I understand that this change would likely eliminate the assignment of CO's to church agencies. This disturbs me highly...I will only do alternative service under a church-guided program and am willing to resist until this is possible."**

How will Selective Service handle the very sincere young men like this one who will decide that they must say **"No"** even to Alternative Service? The Church of the Brethren most certainly does not want our government to return to the practice of World War I, when many conscientious objectors were imprisoned for refusing to take part in unacceptable alternatives devised by the government.

Apparently, Selective Service assumes that the Church of the Brethren becomes its agent when employing Alternative Service workers. This can hardly be the case, since Alternative Service has been separate from direct Selective Service control and direction throughout its whole history, and since neither the Church of the Brethren as an Alternative Service employer, nor Alternative Service workers, themselves, have ever received compensation in any form from the government for Alternative Service work performed. Furthermore, there is no plan now established or being considered to compensate either Alternative Service workers or employers in any future draft.

The Church of the Brethren and other Alternative Service employers merely provide a place for conscientious objectors to fulfill their legal responsibility to society under a draft. Beyond this, there is no connection between the Church of the Brethren and the Selective Service System. There is no basis, therefore, to consider the Church of the Brethren an agent of the government in its employment of Alternative Service workers. Nor is there basis, then, for Selective Service to prohibit the Church of the Brethren from requiring Alternative Service workers in certain programs of ours to observe a code of conduct.

Furthermore, it is our understanding that Congress has indicated a desire that Alternative Service remain, at least, partly in church hands, as it always has been in the past. In a 1971 revision of the draft law, Congress stated in a conference report **(No. 92-433, of July 30, 1971)** that Alternative Service programs in local religious and other organizations should not be disrupted by the change from draft board control over Alternative Service to control by the Director of Selective Service.

In the absence of a clear statement from Congress to the contrary since that 1971 report, or a clear court ruling on the subject, it would seem that Selective Service is acting without authority in proposing this change in the regulations.

With complete respect for the good work this Subcommittee does, and the amount of work you undoubtedly must face with other issues, the Church of the Brethren requests that you consider our deep concern on this subject and take action to ensure that a regulation limiting church involvement and hiring within the Alternative Service program not be put into effect.

Draft Board Hearings --

The Church of the Brethren's second concern today is Selective Service's proposed regulation to close local draft board hearings to the public **(regulation 1648.5(i) and 1651.4 (r))**. Selective Service's rationale for this change is as follows:

> **"Proceedings of the National (Presidential) Appeal Board are closed to the public and that practice should apply also to local and district appeal boards. The possibility of abuse of the personal appearance process and potential harassment of the registrant are substantially reduced by having members of the public excluded from such proceedings." (Federal Register, Friday, December 27, 1985, pp. 52955-56.)**

It is true that draft board hearings were closed before a change in the regulations in the 70's. That change, however, marked a wise reform of the regulations, which greatly improved the draft system.

Closing of draft board hearings can only harm the individual conscientious objector, and the Church of the Brethren calls most firmly for the hearings to remain open if so requested by the draftee facing them. Under the previous regulations, hearings were to be open to the public if the draftee so requested, but the draft board could still close the hearing if those attending became disruptive. It seems clear to us that Selective Service's rationale for the proposal to close the hearings is satisfied by the regulations that have been in place.

The characteristics of draft board hearings themselves tip the balance strongly in favor of keeping the hearings open simply to protect claimants' rights. Draft boards do not operate under the standard due process rules, and do not make written or mechanical transcripts of their proceedings. Furthermore, conscientious objector claimants and other claimants are not allowed legal counsel. **(They are allowed an "advisor" who may not act as a lawyer and who may not address the Board. If he or she begins to act as a "lawyer" in the eyes of the Board, the Board will expell the advisor.)** The draft board, however, is advised by a military reserve officer, who has been trained by Selective Service in the draft regulations. This reserve officer cannot realistically be expected to be sympathetic to the concerns of conscientious objectors.

The local draft board itself consists of three or more citizens who have usually been recruited by Selective Service personnel. The boards are often recruited through military channels, and thus often consist of retired military officers or reservists or National Guardsmen, who quite naturally are sympathetic to military service. I do not intend here to say that sympathy to military service necessarily brings with it opposition to conscientious objection; however, that unfortunately is often the case, in the experience of many conscientious objectors who have faced these boards in past wars.

It is within this context that Selective Service proposed to close draft board hearings to the public. And, it is this context which quite clearly requires that the hearings remain open if the claimant so requests. Allowing the public to be present provides psychological support for young men just out of high school, young men who just months before were nervous about giving speeches before classmates and who now must defend their deepest beliefs before a group of mature men and women. Allowing the public to be present also offers the possibility of extra witnesses to corroborate the proceedings, in the absence of any transcript. Finally, allowing the public to be present permits other conscientious objectors to learn what a draft board hearing is like before they themselves must face one.

In the interests of members of the Church of the Brethren and other young conscientious objectors who may have to face a draft board in the future, the Church of the Brethren respectfully asks this Subcommittee to require Selective Service to retain the regulations regarding open hearings as they now stand.

The Church of the Brethren supports the rights of conscientious objectors and all people affected by the draft system. We, therefore, support the concerns raised by other organizations in their testimony today regarding the Selective Service System, where their concerns deal with the rights of individuals affected by registration and the draft. One of these particular concerns which I have not had time to deal with is the new regulation requiring conscientious objectors to undergo a military physical before their CO claim can be heard. This practice will be unacceptable to many CO's who, as I mentioned earlier, object to any participation in military procedures.

Thank you, members of this Subcommittee, for the opportunity to raise these concerns.

Charles L. Boyer
Church of the Brethren
General Board Peace Consultant
1451 Dundee Avenue
Elgin, Illinois 60120

CLB:mbb

May, 1986

Mrs. BOGGS. Thank you very much.

Mr. Green.

Mr. GREEN. I have no questions, thank you.

Mrs. BOGGS. Thank you so much.

SELECTIVE SERVICE SYSTEM

WITNESS

B.J. BROWN DEVLIN, ASSOCIATE DIRECTOR, OFFICE OF JUSTICE AND PEACE OF THE CATHOLIC DIOCESE OF RICHMOND, VIRGINIA

Mrs. BOGGS. May we please hear from Bishop Walter F. Sullivan, Office of Justice and Peace.

Ms. DEVLIN. Excuse me, I am B.J. Devlin, I am here for him.

Mrs. BOGGS. Would you come over here, Ms. Devlin. We would be happy to hear from you.

Ms. DEVLIN. Thank you. It is very nice to be here. As I said, I am B.J. Brown Devlin. I am Associate Director of the Office of Justice and Peace of the Catholic diocese and I came today to present Bishop Sullivan's concerns. He regrets that he could not be here.

Bishop Sullivan is one of the members of a Consultative Council of NISBCO. He serves as a representative of Pax Christi-USA, the U.S. section of the international Catholic peace movement. Bishop Sullivan also serves on the Board of the Churches' Center for Theology and Public Policy and the Board of the Christian Children's Fund.

Bishop Sullivan has submitted written comments to the Selective Service System on the regulations published for comment in December 1985 and forms published for comment in August 1985 and January 1986. His comments have reflected general support for the positions taken by NISBCO and its member organizations, as well as some particularly Catholic concerns which I will share with you today about Selective Service regulations especially for conscientious objectors and alternative service work.

Conscientious objection. Form 22/Claim Documentation Form Conscientious Objectors reflects the continued failure of Selective Service law and regulations to provide for selective conscientious objection. In fact, the proposed wording of Form 22 (Part 1, 1&2) "your conscience . . . would give you no rest or peace if you participate in combatant military training and service in any way"—seems designed to screen out selective COs.

The Roman Catholic tradition affirms the right of a nation to require military service from its citizens for national self defense. At the second Vatican Council, the Church affirmed the legitimacy and even praiseworthiness of military service. In nearly the same breath, however, the Church called for legal protection for conscientious objectors. The Roman Catholic bishops in the United States have repeatedly supported conscientious objection in their 1968 statement "Human Life in Our Day," their 1971 "Declaration on Conscientious Objection and Selective Conscientious Objection," their 1981 "Statement on Registration and Conscription for Military Service," and their 1983 pastoral letter, "The Challenge of Peace."

As the title of the 1971 bishops' statement suggests, the United States bishops have also consistently supported selective conscientious objection as a valid moral option, derived from the gospel and Roman Catholic teaching. Selective conscientious objection is firmly noted in two aspects of the Catholic tradition: just war theory and the primacy of the individual conscience.

Perhaps no other religious tradition is as closely associated with just war theory as the Catholic tradition. The theory demands rigorous scrutiny of both the reasons for going to war and conduct in war. Just war theory is not a rationalization for war but an attempt to limit resort to it. Some but not all possible wars are judged just or legitimate, either because of the ends sought or the means used.

The Roman Catholic tradition also upholds the individual conscience as the realm in which each individual hears and responds to God's truth. The Second Vatican Council's Decree on Religious Liberty—which draws very heavily on the work of the American Jesuit John Courtney Murray—is an eloquent defense of the freedom required by the human person's search for truth—the freedom to hear the voice of conscience, engage in dialogue, give personal assent and conform one's life to the truth.

Thus, the Roman Catholic tradition defends the right of an individual, acting with a prayerful and informed conscience, to refuse to participate in a particular war because that war does not meet specific, established moral criteria. We believe Selective Service law, regulations and Form 22 should recognize that right.

Alternative service work. It is especially ironic that proposed regulations for alternative service work will effectively prohibit conscientious objectors, who have gone to great lengths to demonstrate that their beliefs require them to act in certain ways, from being placed in service work that requires them to act out their beliefs. Prohibiting alternative service placements from requiring commitment to specific religious or political beliefs or doctrines goes far beyond the statutory requirement that alternative service contribute to the public health, safety or interest.

The proposed regulation reflects an assumption that an institution or organization providing alternative service work is acting as an agency of the U.S. government, and as such cannot discriminate in favor or against a worker on religious grounds. NISBCO and its member organizations quite rightly pointed out today that alternative service placement providers cannot be considered agents of the U.S. government; to do so would be an unjustifiable violation of the separation of Church and State. Alternative service placement providers should be allowed to retain their right, recognized by the Equal Employment Opportunity Act of 1972, to consider religion in hiring decisions where it is a "bona fide occupational qualification reasonably necessary to the normal operation of that business or enterprise." Common sense suggests that respect for, if not commitment to, certain convictions may be necessary in some alternative service work. For example, a Catholic Family and Children's Service agency, such as we have in the Richmond case, that makes a counselor's position available for alternative service work has the right to expect that anyone in that position will respect the church's teaching on abortion.

The juxtaposition of "religious or political beliefs or doctrines" in the proposed regulation seems to reflect another disturbing assumption: that one's religious beliefs pertain solely to personal salvation and have no political consequences. Quite the contrary is true. In the words of the second Vatican Council: "one of the gravest efforts of our time is the dichotomy between the faith which many profess and the practice of their daily lives . . . let there, then, be no pernicious opposition between professional and social activity on the one hand and religious life on the other." One's political commitments and actions, including one's conduct in war, give evidence of and must be undertaken in light of one's religious and moral convictions. The Government's recognition of the right of conscientious objection is based on this very principle. Barring consideration of religious and political commitments in alternative service placements reflects this administration's reluctance to recognize obedience to a higher law.

In conclusion, why should you, as Members of the HUD-Independent Agencies Subcommittee, be concerned about Selective Service forms and regulations? The Selective Service is a civilian agency with a statutory mandate to provide for the personnel requirements of the armed forces in the event of a national emergency. We believe its proposed regulations bring it more closely under military supervision and control, impose needless, inappropriate and confusing requirements on those seeking exemption, deferment and alternative service work, eliminate customary rights—including rights of appeal—and in general reflect an adversarial stance toward those subject to the system. You hold the purse strings, which may be the only effective restraint, on an agency that has gone astray.

Thank you very much for your attention. I would be glad to answer any questions.

[The statement of Ms. Devlin follows:]

COMMENTS ON SELECTIVE SERVICE REGULATIONS
TO HUD INDEPENDENT AGENCIES SUBCOMMITTEE
MAY 8, 1986

INTRODUCTION

I am BJ Brown Devlin, Associate Director of the Office of Justice and Peace of the Catholic Diocese of Richmond, Virginia. I am here to present the concerns of the Bishop of Richmond, Walter F. Sullivan, who regrets that he could not be here today.

Bishop Sullivan is a member of the Consultative Council of the National Interreligious Service Board for Conscientious Objectors (NISBCO). He serves as a representative of Pax Christi-USA, the US section of the international Catholic peace movement. Bishop Sullivan also serves on the Board of the Churches' Center for Theology and Public Policy and the Board of the Christian Children's Fund.

Bishop Sullivan has submitted written comments to the Selective Service System on the regulations published for comment in December 1985 and forms published for comment in August 1985 and January 1986. His comments have reflected general support for the positions taken by NISBCO and its member organizations, as well as particularly Catholic concerns which I will share with you today about Selective Service regulations for conscientious objectors and alternative service work.

CONSCIENTIOUS OBJECTION

Form 22/Claim Documentation Form Conscientious Objectors reflects the continued failure of Selective Service law and regulations to provide for selective conscientious objection. In fact, the proposed wording of Form 22 (Part I, 1 & 2) "your conscience...would give you no rest or peace if you participate in combatant military training and service in any way" - seems designed to screen out selective CO's.

The Roman Catholic tradition affirms the right of a nation to require military service from its citizens for national self defense. At the second Vatican Council, the Church affirmed the legitimacy and even praiseworthiness of military service (Pastoral Constitution on the Church in the Modern World, P79). In nearly the same breath, however, the Church called for legal protection for conscientious objectors (Ibid., P79). The Roman Catholic bishops in the United States have repeatedly supported conscientious objection as a valid moral position derived from the Gospel and Roman Catholic teaching: in their 1968 statement "Human Life in Our Day," their 1971 "Declaration on Conscientious Objection and Selective Conscientious Objection," their 1981 "Statement on Registration and Conscription for Military Service," and their 1983 pastoral letter, "The Challenge of Peace."

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The Roman Catholic tradition also upholds the individual conscience as the realm in which each individual hears and responds to God's truth. The Second Vatican Council's Decree on Religious Liberty (which draws heavily on the work of the American Jesuit John Courtney Murray) is an eloquent defense of the freedom required by the human person's search for truth - the freedom to hear the voice of conscience, engage in dialogue, give personal assent and conform one's life to the truth. Thus, the Roman Catholic tradition defends the right of an individual, acting with a prayerful and informed conscience, to refuse to participate in a particular war because that war does not meet specific, established moral criteria. Selective Service law, regulations and Form 22 should recognize that right.

ALTERNATIVE SERVICE

It is especially ironic that proposed regulations for alternative service work will effectively prohibit conscientious objectors, who have gone to great lengths to demonstrate that their beliefs require them to act in certain ways, from being placed in service work that requires them to act on their beliefs. Prohibiting alternative service placements from requiring commitment to specific religious or political beliefs or doctrines goes far beyond the statutory requirement that alternative service contribute to the public health, safety or interest.

The proposed regulation reflects an assumption that an institution or organization providing alternative service placement is acting as an agency of the US government, and as such can not discriminate in favor or against a worker on religious grounds. NISBCO and its member organizations quite rightly contend that alternative service placement providers cannot be considered agents of the US government; to do so would be an unjustiafiable violation of the separation of church and state. Alternative service placement providers should be allowed to retain their right, recognized by the Equal Employment Opportunity Act of 1972, to consider religion in hiring decisions where it is a "bona fide occupational qualification reasonably necessary to the normal operation of that business or enterprise." Common sense suggests that respect for, if not commitment to, certain convictions may be necessary in some alternative service placements. For example, a Catholic Family and Children's Service agency that makes a counselor's position available for alternative service work has the right to expect that anyone in that position will respect the Church's teaching on abortion.

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CONCLUSION

Why should you, as members of the HUD Independent Agencies Subcommittee, be concerned about Selective Service forms and regulations? The Selective Service is a civilian agency with a statutory mandate to provide for the personnel requirements of the armed forces in the event of a national emergency. Its proposed regulations bring it more closely under military supervision and control, impose needless, inappropriate and confusing requirements on those seeking exemption, deferrment and alternative service work, eliminate customary rights - including rights of appeal - and in general reflect an adversarial stance toward those subject to the system. You hold the purse strings - which may be the only effective restraint - on an agency that has gone astray.

Thank you for your attention.

COMMENTS ON SELECTIVE SERVICE REGULATIONS
TO HUD INDEPENDENT AGENCIES SUBCOMMITTEE
MAY 8, 1986

INTRODUCTION

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I am a member of the Consultative Council of the National Interreligious Service Board for Conscientious Objectors (NISBCO). I serve as a representative of Pax Christi-USA, the US section of the international Catholic peace movement. I also serve on the Board of the Churches' Center for Theology and Public Policy and the Board of the Christian Children's Fund.

I have submitted written comments to the Selective Service System on the regulations published for comment in December 1985 and forms published for comment in August 1985 and January 1986. My comments have reflected general support for the positions taken by NISBCO and its member organizations, as well as particularly Catholic concerns which I will share with you today about Selective Service regulations for conscientious objectors and alternative service work.

CONSCIENTIOUS OBJECTION

Form 22/Claim Documentation Form Conscientious Objectors reflects the continued failure of Selective Service law and regulations to provide for selective conscientious objection. In fact, the proposed wording of Form 22 (Part I, 1 & 2) "your conscience...would give you no rest or peace if you participate in combatant military training and service in any way" - seems designed to screen out selective CO's.

The Roman Catholic tradition affirms the right of a nation to require military service from its citizens for national self defense. At the second Vatican Council, the Church affirmed the legitimacy and even praiseworthiness of military service (Pastoral Constitution on the Church in the Modern World, P79). In nearly the same breath, however, the Church called for legal protection for conscientious objectors (Ibid., P79). The Roman Catholic bishops in the United States have repeatedly supported conscientious objection as a valid moral position derived from the Gospel and Roman Catholic teaching: in their 1968 statement "Human Life in Our Day," their 1971 "Declaration on Conscientious Objection and Selective Conscientious Objection," their 1981 "Statement on Registration and Conscription for Military Service," and their 1983 pastoral letter, "The Challenge of Peace."

As the title of the 1971 bishops' statement suggests, the US bishops have also consistently supported selective conscientious objection as a valid moral option. Selective conscientious objection is firmly noted in two aspects of the Catholic tradition: just war theory and the primacy of the individual conscience.

Perhaps no other religious tradition is as closely associated with just war theory as the Catholic tradition. The theory demands rigorous scrutiny of both the reasons for going to war and conduct in war. Just war theory is not a rationalization for war but an attempt to limit resort to it. Some but not all possible wars are judged just or legitimate, either because of the ends sought or the means used.

The Roman Catholic tradition also upholds the individual conscience as the realm in which each individual hears and responds to God's truth. The Second Vatican Council's Decree on Religious Liberty (which draws heavily on the work of the American Jesuit John Courtney Murray) is an eloquent defense of the freedom required by the human person's search for truth - the freedom to hear the voice of conscience, engage in dialogue, give personal assent and conform one's life to the truth. Thus, the Roman Catholic tradition defends the right of an individual, acting with a prayerful and informed conscience, to refuse to participate in a particular war because that war does not meet specific, established moral criteria. Selective Service law, regulations and Form 22 should recognize that right.

Even in its provision for conscientious objection, Form 22 has a number of major flaws. Most surprising of all, the form does not provide the statutory definition of conscientious objection, which is: opposition to participation in war in any form on the grounds of religious, moral or ethical training or belief. In its place is a description, penned by a Supreme Court justice but lacking the force of law, that characterizes some but not all conscientious objectors. The description given on Form 22 (Part I, 1 & 2):

(1) adds the phrase "your conscience would give you no rest or peace," suggesting that the real proof of a CO claim is in the level of one's pyshological, emotional or spiritual distress;
(2) transposes the word "any" so that it modifies "war" instead of "participation," giving a different meaning to the definition;
(3) adds a second sentence, introducing the meaningless and redundant requirement that "deeply held beliefs" be proven "sincere".

The description given on Form 22 is not only not the statutory definition, it suggests inappropriate and impossible criteria for judging CO claims.

In general, claimants have no reliable indications as to what criteria their CO claims will be measured by. The form itself asks only for a description of the beliefs motivating the claimant, how and when the claimant acquired these beliefs and what "most clearly" shows that beliefs are deeply held. There seems to be an underlying assumption that a single instance - not a pattern of behavior - will suffice to demonstrate this. The "Information for Registrants" booklet provides a different set of criteria, which emphasize demonstration of the psychological, emotional and spiritual distress military service would cause a claimant, and demonstration of the elusive quality of "sincerity."

CO claimants have a right to know the standard by which their claims will be judged. A single set of criteria should be provided on Form 22, in "Information to Registrants" and in the instructions to local claim boards. The criteria should be based on the statutory definition of conscientious objection, should take into account that beliefs and behaviors are acquired and demonstrated over time and should not judge claims on the grounds of the claimant's predicted "distress".

ALTERNATIVE SERVICE

It is especially ironic that proposed regulations for alternative service work will effectively prohibit conscientious objectors, who have gone to great lengths to demonstrate that their beliefs require them to act in certain ways, from being placed in service work that requires them to act on their beliefs. Prohibiting alternative service placements from requiring commitment to specific religious or political beliefs or doctrines goes far beyond the statutory requirement that alternative service contribute to the public health, safety or interest.

The proposed regulation reflects an assumption that an institution or organization providing alternative service placement is acting as an agency of the US government, and as such can not discriminate in favor or against a worker on religious grounds. NISBCO and its member organizations quite rightly contend that alternative service placement providers cannot be considered agents of the US government; to do so would be an unjustiafiable violation of the separation of church and state. Alternative service placement providers should be allowed to retain their right, recognized by the Equal Employment Opportunity Act of 1972, to consider religion in hiring decisions where it is a "bona fide occupational qualification reasonably necessary to the normal operation of that business or enterprise." Common sense suggests that respect for, if not commitment to, certain convictions may be necessary in some alternative service placements. For example, a Catholic Family and Children's Service agency that makes a counselor's position available for alternative service work has the right to expect that anyone in that position will respect the Church's teaching on abortion.

The juxtaposition of "religious or political beliefs or doctrines" in the proposed regulation seems to reflect another disturbing assumption: that one's religious beliefs pertain solely to personal salvation and have no political consequences. Quite the contrary is true. In the words of the second Vatican Council: "one of the gravest errors of our time is the dichotomy between the faith which many profess and the practice of their daily lives...let there, then, be no pernicious opposition between professional and social activity on the one hand and religious life on the other." (Pastoral Constitution on the Church in the Modern World, P43) One's political commitments and actions (including one's conduct in war) give evidence of and must be undertaken in light of one's religious and moral convictions. The US government's recognition of the right of conscientious objection is based on this very principle. Barring consideration of religious and political commitments in alternative service placements reflects this administration's reluctance to recognize obedience to a higher law.

CONCLUSION

Why should you, as members of the HUD Independent Agencies Subcommittee, be concerned about Selective Service forms and regulations? The Selective Service is a civilian agency with a statutory mandate to provide for the personnel requirements of the armed forces in the event of a national emergency. Its proposed regulations bring it more closely under military supervision and control, impose needless, inappropriate and confusing requirements on those seeking exemption, deferrment and alternative service work, eliminate customary rights - including rights of appeal - and in general reflect an adversarial stance toward those subject to the system. You hold the purse strings - which may be the only effective restraint - on an agency that has gone astray.

Thank you for your attention.

ATTACHMENTS

1) "Human Life in Our Day," November 15, 1968, Paragraphs 143-155.

2) "Declaration on Conscientious Objection and Selective Conscientious Objection," October 21, 1971

3) "Statement on Registration and Conscription for Military Service," February 14, 1980

4) "The Challenge of Peace," May 3, 1983, Paragraphs 111-121 and 231-233

The full texts of these statements can be found in Pastoral Letters of the United States Catholic Bishops, Hugh J. Nolan, ed. (Washington, DC: NCCB/USCC, 1984, volumes III & IV.

The Role of Conscience

143. The war in Vietnam typifies the issues which present and future generations will be less willing to leave entirely to the normal political and bureaucratic processes of national decision-making. It is not surprising that those who are most critical, even intemperate, in their discussion of war as an instrument of national policy or as a ready means to the settling even of wrongs, are among the young; the burden of killing and dying falls principally on them.

144. There is sometimes ground for question as to whether the attitudes of some toward military duty do not spring from cowardice. In this problem, as in all crises which test generosity and heroism, cases of moral as well as physical cowardice doubtless occur. But a blanket charge of this kind would be unfair to those young people who are clearly willing to suffer social ostracism and even prison terms because of their opposition to a particular war. One must conclude that for many of our youthful protesters, the motives spring honestly from a principled opposition to a given war as pointless or immoral.

145. Nor can it be said that such conscientious objection to war, as war is waged in our times, is entirely the result of subjective considerations and without reference to the message of the Gospel and the teaching of the Church; quite the contrary, frequently conscientious dissent reflects the influence of the principles which inform modern papal teaching, the Pastoral Constitution, and a classical tradition of moral doctrine in the Church, including, in fact, the norms for the moral evaluation of a theoretically just war.

146. The enthusiasm of many young people for new programs of service to fellow humans in need may be proof that some traditional forms of patriotism are in the process of being supplemented by a new spirit of dedication to humanity and to the moral prestige of one's own nation. This new spirit must be taken seriously; it may not always match the heroism of the missionaries and the full measure of the life of faith, but it is not contradictory to these and may open up new forms of Christian apostolate.

147. As witnesses to a spiritual tradition which accepts enlightened conscience, even when honestly mistaken, as the immediate arbiter of moral decisions, we can only feel reassured by this evidence of individual responsibility and the decline of uncritical conformism to patterns, some of which included strong moral elements, to be sure, but also included political, social, cultural, and like controls not necessarily in conformity with the mind and heart of the Church.

148. If war is ever to be outlawed, and replaced by more humane and enlightened institutions to regulate conflicts among nations, institutions rooted in the notion of universal common good, it will be because the citizens of this and other nations have rejected the tenets of exaggerated nationalism and insisted on principles of nonviolent political and civic action in both the domestic and international spheres.

149. We therefore join with the Council Fathers in praising "those who renounce the use of violence in the vindication of their rights and who resort to methods of defense which are otherwise available to weaker parties, provided that this can be done without injury to the rights and duties of others or of the community itself" (No. 78).

150. It is in this light that we seek to interpret and apply to our own situation the advice of the Vatican Council on the treatment of conscientious objectors. The Council endorsed laws that "make humane provision for the care of those who for reasons of conscience refuse to bear arms, provided, however, that they accept some other form of service to the human community" (No. 79).

151. The present laws of this country, however, provide only for those whose reasons of conscience are grounded in a total rejection of the use of military force. This form of conscientious objection deserves the legal provision made for it, but we consider that the time has come to urge that similar consideration be given those whose reasons of conscience are more personal and specific.

152. We therefore recommend a modification of the Selective Service Act, making it possible, although not easy, for so-called selective conscientious objectors to refuse—without fear of imprisonment or loss of citizenship—to serve in wars which they consider unjust or in branches of service (e.g., the strategic nuclear forces) which would subject them to the performance of actions contrary to deeply held moral convictions about indiscriminate killing. Some other form of service to the human community should be required of those so exempted.

153. Whether or not such modifications in our laws are in fact made, we continue to hope that, in the all-important issue of war and peace, all men will follow their consciences. We can do no better than to recall, as did the Vatican Council, "the permanent binding force of universal natural law and its all embracing principles," to which "man's conscience itself gives ever more emphatic voice."

154. In calling so persistently in this Pastoral for studies on the application of sound moral principles to new dimensions of changes in the problems of war and peace, we are mindful of our own responsibility to proclaim the Gospel of peace and to teach the precepts of both natural and revealed divine law concerning the establishing of peace everywhere on earth (No. 79). We therefore make our own the Council's judgment on "the deeper causes of war," sins like envy, mistrust, and egoism. We echo the warning given by Pope Paul at the United Nations: "Today as never before, in an era marked by such human progress, there is need for an appeal to the moral conscience of man. For the danger comes not from progress, nor from science—on the contrary, if properly utilized these could resolve many of the grave problems which beset mankind. The real danger comes from man himself, who has at his disposal ever more powerful instruments, which can be used as well for destruction as for the loftiest conquests."

155. The hour has indeed struck for "conversion," for personal transformation, for interior renewal. We must once again begin to think of man in a new way, and of human life with a new appreciation of its worth, its dignity, and its call to elevation to the level of the life of God Himself. All this requires that, with refreshed purpose and deepened faith, we follow the urging of St. Paul that we "put on the new man, which has been created according to God in justice and holiness of truth" (Eph 4:23).

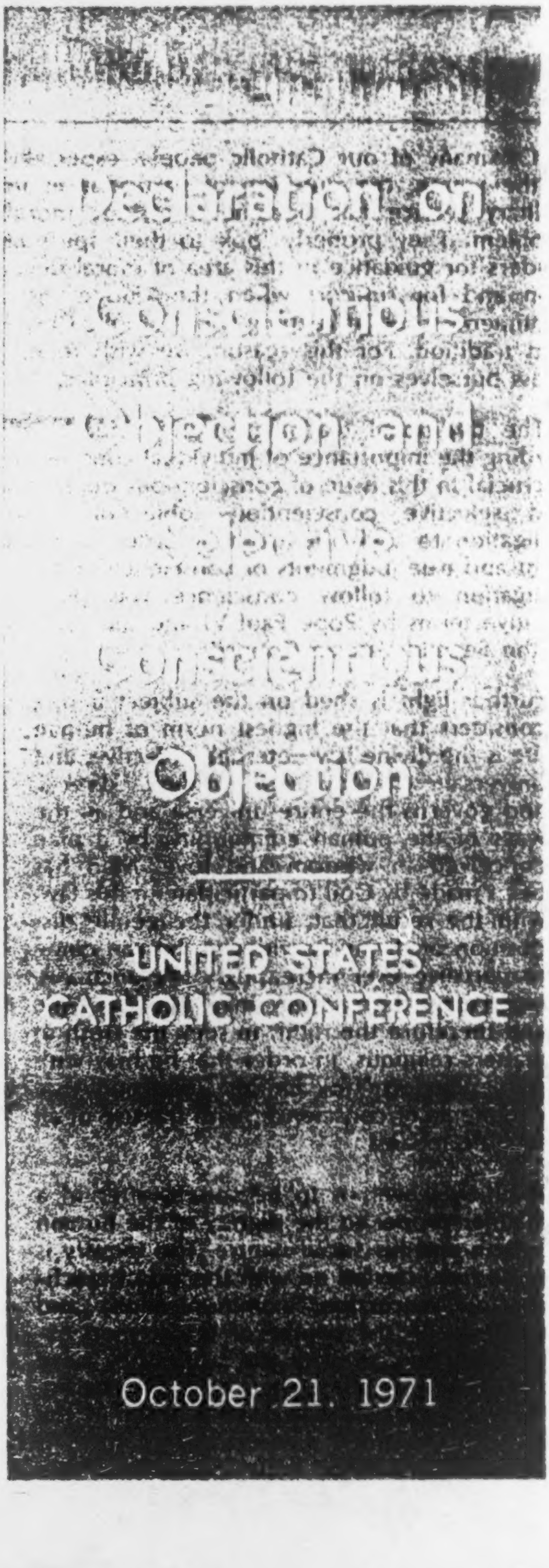
Conclusion

156. Christians believe God to be the "source of life" (cf., Jn 5:26) and of love since "love comes from God" (cf., 1 Jn 4:7). "God is love" (1 Jn 4:8) and man has been made in His image and likeness (Gn 1:26). Thus, man is most himself when he honors life and lives by love. Then he is most like to God.

157. The doctrine and defense of life require a renewed spirituality in the Church. Such a spirituality will reaffirm the sacred character of married love through which life is begun, the dignity of the family within which love brings life to maturity, and the blessed vision of peace in which life is shared by men and nations in a world community of love.

158. These themes, all of which touch on life, we have explored in terms of the family, the commonwealth of nations, and some of the antilife forces which threaten these.

159. In her defense of human life the Church in our day makes her own, as did Moses, the words by which God Himself reduces our perplexities to a clear, inescapable choice: "I call heaven and earth to witness against you this day, that I have set before you life and death . : . therefore, choose life that you and your descendants may live . . ." (Dt 30:19).



Declaration on Conscientious Objection and Selective Conscientious Objection

UNITED STATES
CATHOLIC CONFERENCE

October 21, 1971

FOR many of our Catholic people, especially the young, the question of participation in military service has become a serious moral problem. They properly look to their spiritual leaders for guidance in this area of moral decision and for support when they judge their sentiments to be in keeping with Catholic Christian tradition. For this reason, we wish to express ourselves on the following principles.

The traditional teaching of the Church regarding the importance of individual conscience is crucial in this issue of conscientious objection and selective conscientious objection. The obligation to seek the truth in order to form right and true judgments of conscience and the obligation to follow conscience was put in positive terms by Pope Paul VI and the Fathers at the Second Vatican Council:

> Further light is shed on the subject if one considers that the highest norm of human life is the divine law—eternal, objective, and universal—whereby God orders, directs, and governs the entire universe and all the ways of the human community, by a plan conceived in wisdom and love. Man has been made by God to participate in this law, with the result that, under the gentle disposition of divine Providence, he can come to perceive ever increasingly the unchanging truth. Hence every man has the duty, and therefore the right, to seek the truth in matters religious, in order that he may with prudence form for himself right and true judgments of conscience, with the use of all suitable means.
>
> Truth, however, is to be sought after in a manner proper to the dignity of the human person and his social nature. The inquiry is to be free, carried on with the aid of teaching or instruction, communication, and dialogue. In the course of these, men explain to one another the truth they have discovered, or think they have discovered, in order thus to assist one another in the quest for truth. Moreover, as the truth is discovered, it is by a personal assent that men are to adhere to it.

> On his part, man perceives and acknowledges the imperatives of the divine law through the mediation of conscience. In all his activity a man is bound to follow his conscience faithfully, in order that he may come to God, for whom he was created. ("Declaration on Religious Freedom," n.3)

Addressing the question in the "Pastoral Constitution on the Church in the Modern World," Our Holy Father and the Bishops at the Second Vatican Council wrote:

> In the depths of his conscience, man detects a law which he does not impose upon himself, but which holds him to obedience. Always summoning him to love good and avoid evil, the voice of conscience can when necessary speak to his heart more specifically: do this, shun that. For man has in his heart a law written by God. To obey it is the very dignity of man; according to it he will be judged.
>
> Conscience is the most secret core and sanctuary of a man. There he is alone with God, whose voice echoes in his depths. In a wonderful way conscience reveals that law which is fulfilled by love of God and neighbor. In fidelity to conscience, Christians are joined with the rest of men in the search for truth, and for the genuine solution to the numerous problems which arise in the life of individuals and from social relationships.
>
> Hence the more that a correct conscience holds sway, the more persons and groups turn aside from blind choice and strive to be guided by objective norms of morality. ("The Church in the Modern World," n. 16)

In addition, the Church has always affirmed the obligation of individuals to contribute to the common good and the general welfare of the larger community. This is the basis for the participation of Christians in the legitimate defense of their nation.

The Council Fathers, recognizing the absence of adequate authority at the international level to resolve all disputes among nations, acknowledged that "governments cannot be denied the right to legitimate defense once every means of peaceful settlement has been exhausted." ("The Church in the Modern World," n. 79)

When survival of the wider community has been threatened by external force, the Church has traditionally upheld the obligation of Christians to serve in military defensive forces. Such community-oriented service, that is, soldiers devoted to the authentic purposes of securing peace and justice, has merited the Church's commendation.

The Catholic Bishops of the United States are gratefully conscious of the sacrifices and valor of those men who are serving and who have served in the armed forces and especially those who have given their lives in service to their country. Their courage in the defense of the common good must not be underestimated or forgotten. In the words of the Second Vatican Council, "As long as they (members of the armed forces) fulfill this role properly, they are making a genuine contribution to the establishment of peace." ("The Church in the Modern World," n. 79)

It was also recognized by the Second Vatican Council that the common good is also served by the conscientious choice of those who renounce violence and war, choosing the means of nonviolence instead:

> . . . we cannot fail to praise those who renounce the use of violence in the vindication of their rights and who resort to methods of defense which are otherwise available to weaker parties too, provided that this can be done without injury to the rights and duties of others or of the community itself. ("The Church in the Modern World," n. 78)

Furthermore, the Council Fathers, addressing themselves more specifically to the rights of the conscientious objector to war, stated:

> . . . it seems right that laws make humane provisions for those who for reasons of conscience refuse to bear arms, provided how-

ever, that they accept some other form of service to the human community. ("The Church in the Modern World," n. 79)

Although a Catholic may take advantage of the law providing exemption from military service because of conscientious opposition to all war, there often arises a practical problem at the local level when those who exercise civil authority are of the opinion that a Catholic cannot under any circumstances be a conscientious objector because of religious training and belief. This confusion, in some cases, is the result of a mistaken notion that a person cannot be a conscientious objector unless the individual is a member of one of the traditional pacifist churches (for example, a Quaker).

In the light of the Gospel and from an analysis of the Church's teaching on conscience, it is clear that a Catholic can be a conscientious objector to war in general or to a particular war "because of religious training and belief." It is not enough, however, simply to declare that a Catholic can be a conscientious objector or a selective conscientious objector. Efforts must be made to help Catholics form a correct conscience in the matter, to discuss with them the duties of citizenship, and to provide them with adequate draft counseling and information services in order to give them the full advantage of the law protecting their rights. Catholic organizations which could qualify as alternative service agencies should be encouraged to support and provide meaningful employment for the conscientious objector. As we hold individuals in high esteem who conscientiously serve in the armed forces, so also we should regard conscientious objection and selective conscientious objection as positive indicators within the Church of a sound moral awareness and respect for human life.

The status of the selective conscientious objector is complicated by the fact that the present law does not provide an exemption for this type of conscientious objection. We recognize the very complex procedural problems which selective conscientious objection poses for the civil community; we call upon moralists, lawyers and civil servants to work cooperatively toward a policy which can reconcile the demands of the moral and civic order concerning this issue. We reaffirm the recommendation on this subject contained in our November 1968 pastoral letter, "Human Life in Our Day":

1) a modification of the Selective Service Act making it possible for selective conscientious objectors to refuse to serve in wars they consider unjust, without fear of imprisonment or loss of citizenship, provided they perform some other service to the human community; and

2) an end to peacetime conscription.

In restating these recommendations, we are aware that a number of young men have left the country or have been imprisoned because of their opposition to compulsory military conscription. It is possible that in some cases this was done for unworthy motives, but in general we must presume sincere objections of conscience, especially on the part of those ready to suffer for their convictions. Since we have a pastoral concern for their welfare, we urge civil officials in revising the law to consider granting amnesty to those who have been imprisoned as selective conscientious objectors, and giving those who have emigrated an opportunity to return to the country to show responsibility for their conduct and to be ready to serve in other ways to show that they are sincere objectors.

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Statement on Registration and Conscription for Military Service

Administrative Board
United States
Catholic Conference

February 14, 1980

STATEMENT ON REGISTRATION AND CONSCRIPTION FOR MILITARY SERVICE

Administrative Board

United States

Catholic Conference

FEBRUARY 14, 1980

We have followed closely the public debate on the reinstitution of registration for military service with the possible renewal of military conscription to follow. The questions of registration and conscription for military service are part of the broader political-moral issue of war and peace in the nuclear age. But registration and conscription bear so directly on the moral decision-making of citizens that they require specific attention.

The U.S. Catholic Conference (USCC), and its predecessor the National Catholic Welfare Conference (NCWC), have spoken to the question of peacetime military conscription five times since 1944. The present debate in Congress and the media raises both old and new questions; we offer in this statement a body of principles and a series of positions in response to the public debate.

We recognize, of course, that the questions of registration and conscription arise, as Vatican II said, because "war has not been rooted out of human affairs". In the face of the sad truth of this statement, our response as teachers in the Church must be the same as that of all the popes of this century. We call in season and out of season for the international community to turn from war and to do the works of peace. The primary obligation of the nuclear age is to banish resort to force from the daily affairs of nations and peoples. From Pius XII to John Paul II the cry of the Church and the prayer of all believers is a reiteration of the words of Paul VI: "No more war, war never again.!" This must remain our primary response to war today.

Only in the context of this statement can we consider the question of what is the legitimate role of governments and the responsibilities of citizens regarding military conscription. We see registration, conscription and participation in military service as moral questions as well as political issues. Our perspective on these issues is shaped by Catholic moral teaching on the role of the state, and the rights and responsibilities of citizens, when both citizen and state are confronted by questions of war and peace.

With Vatican II we recognize that: "As long as the danger of war remains and there is no competent and sufficiently powerful authority at the international level, governments cannot be denied the right to legitimate defense once every means of peaceful settlement has been exhausted". This principle acknowledges the right of the state to call citizens to acts of "legitimate defense". To this right there corresponds the duty each citizen has to contribute to the common good of society, including, as an essential element, the defense of society. Both the right of the state and the responsibility of the citizen are governed by moral principles which seek to protect the welfare of society and to preserve inviolate the conscience of the citizen.

The moral right of the state to use force is severely limited both in terms of the reasons for which force is employed and the means to be used. While acknowledging the duty of the state to defend society and its correlative right to use force in certain circumstances, we also affirm the Catholic teaching that the state's decision to use force should always be morally scrutinized by citizens asked to support the decision or to participate in war. From the perspective of the citizen the moral scrutiny of every use of force can produce a posture of responsible participation in the government's decision, or conscientious objection to some *reasons* for using force, some *methods* of using force, or even some specific branches of the service because of the missions they may be asked to perform. *(Cf. Human Life In Our Day.)*

In light of these general principles, we are led to the following specific positions:

1. *Registration:* We acknowledge the right of the state to register citizens, for the purpose of military conscription, both in peacetime and in times of national emergency. Therefore, we find no objection *in principle* to this action by the government. However, we believe it necessary to present convincing reasons for this at any particular time.

2. *Military Conscription:* We are opposed to any reinstitution of military conscription except in the case of a national defense emergency. We support the present standby draft system which requires the chief executive to obtain a new authorization to induct a specific number of men into the armed forces if clear purposes of adequate defense demand conscription.

3. *Conscientious Objection:* We regard this question in all its dimensions as a central element in Catholic teaching on the morality of war. First, we support the right of conscientious objection as a valid moral position, derived from the Gospel and Catholic teaching, and recognized as well in U.S. civil law. The legal protection provided conscientious objectors is a commendable part of our political system which must be preserved in any policy of conscription.

Secondly, we support the right of selective conscientious objection (SCO) as a moral conclusion which can be validly derived from the classical moral teaching of Just-War theory. The position of SCO has not yet found expression in our legal system, but a means should be found to give this legitimate moral position a secure legal status. The experience of the Vietnam war highlighted the moral and political significance of precisely this question. We are sure of the moral validity of SCO; we would welcome a dialogue with legislators, lawyers, ethicists and other religious leaders about how to transpose this moral position into effective legal language.

4. *Universal National Service:* We continue to oppose, as we have in the ast, a universal or national service corps; our opposition rests upon its compulsory character when a proportionate threat to the nation or need for it is not clearly evident.

5. *Women and Military Conscription:* one of the new questions in the public debate about registration and conscription is whether women should be registered and conscripted on the same basis as men. This is a complex question which touches several issues. It is our position that the past practice of making military service an option for women but not an obligation has served us well as a society. We do not see good reasons for changing this practice and so we oppose both the registration and the conscription of women.

6. *Methods of Registration:* While we acknowledge the right of the state to register citizens, we are disturbed by proposals to use methods of registration which would require schools to provide information for registration. Such direct access by public authorities to records for this sensitive moral issue could raise serious issues of church and state. We express our opposition to this method of registration; we support methods which do not directly involve the private or religious sector in the registration process.

In light of these principles and policy considerations there is a final point to be made directly to the community of the Church. The primary relationship of the Church to questions of war and peace is as a moral teacher. With Vatican II we affirm that: "All those who enter the military service in loyalty to their country should look upon themselves as the custodians of the security and freedom of their fellow countrymen: and when they carry out their duty properly, they are contributing to the maintenance of peace". We also affirm that the decision to enter military service and subsequent decisions in the line of military duty involve moral questions of great importance. Hence, the issues of registration and conscription raise questions of the kind and quality of moral education that takes place in our educational system. Specifically, it raises the question of what educational and counseling resources are available to a person facing registration or conscription. In adopting this statement of public policy on registration and conscription we call upon schools and religious educators to include systematic formation of conscience on questions of war and peace in their curricula and we pledge the assistance of appropriate diocesan agencies in counseling any of those who face questions of military service.

make the arms race itself a disproportionate response to aggression? Pope John Paul II is very clear in his insistence that the exercise of the right and duty of a people to protect their existence and freedom is contingent on the use of proportionate means.[44]

107. Finally, another set of questions concerns the interpretation of the principle of discrimination. The principle prohibits directly intended attacks on non-combatants and non-military targets. It raises a series of questions about the term "intentional," the category of "non-combatant," and the meaning of "military."

108. These questions merit the debate occurring with increasing frequency today. We encourage such debate, for concise and definitive answers still appear to be wanting. Mobilization of forces in modern war includes not only the military, but to a significant degree the political, economic, and social sectors. It is not always easy to determine who is directly involved in a "war effort" or to what degree. Plainly, though, not even by the broadest definition can one rationally consider combatants entire classes of human beings such as schoolchildren, hospital patients, the elderly, the ill, the average industrial worker producing goods not directly related to military purposes, farmers, and many others. They may never be directly attacked.

109. Direct attacks on military targets involve similar complexities. Which targets are "military" ones and which are not? To what degree, for instance, does the use (by either revolutionaries or regular military forces) of a village or housing in a civilian populated area invite attack? What of a munitions factory in the heart of a city? Who is directly responsible for the deaths of noncombatants should the attack be carried out? To revert to the question raised earlier, how many deaths of non-combatants are "tolerable" as a result of indirect attacks—attacks directed against combat forces and military targets, which nevertheless kill non-combatants at the same time?

110. These two principles, in all their complexity, must be applied to the range of weapons—conventional, nuclear, biological, and chemical—with which nations are armed today.

4. The Value of Non-violence

111. Moved by the example of Jesus' life and by his teaching, some Christians have from the earliest days of the Church committed themselves to a non-violent lifestyle.[45] Some understood the gospel of Jesus to prohibit all killing. Some affirmed the use of prayer and other spiritual methods as means of responding to enmity and hostility.

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[44] John Paul II, "World Day of Peace Message 1982," #12, cited.

112. In the middle of the second century, St. Justin proclaimed to his pagan readers that Isaiah's prophecy about turning swords into ploughshares and spears into sickles had been fulfilled as a consequence of Christ's coming:

> And we who delighted in war, in the slaughter of one another, and in every other kind of iniquity have in every part of the world converted our weapons into implements of peace—our swords into ploughshares, our spears into farmers' tools—and we cultivate piety, justice, brotherly charity, faith and hope, which we derive from the Father through the crucified Savior . . .[46]

113. Writing in the third century, St. Cyprian of Carthage struck a similar note when he indicated that the Christians of his day did not fight against their enemies. He himself regarded their conduct as proper:

> They do not even fight against those who are attacking since it is not granted to the innocent to kill even the aggressor, but promptly to deliver up their souls and blood that, since so much malice and cruelty are rampant in the world, they may more quickly withdraw from the malicious and the cruel.[47]

114. Some of the early Christian opposition to military service was a response to the idolatrous practices which prevailed in the Roman army. Another powerful motive was the fact that army service involved preparation for fighting and killing. We see this in the case of St. Martin of Tours during the fourth century, who renounced his soldierly profession with the explanation: "Hitherto I have served you as a soldier. Allow me now to become a soldier of God . . . I am a soldier of Christ. It is not lawful for me to fight."[48]

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[45] Representative authors in the tradition of Christian pacifism and non-violence include: R. Bainton, *Christian Attitudes Toward War and Peace* (Abington: 1960), chs. 4, 5, 10; J. Yoder, *The Politics of Jesus* (Grand Rapids: 1972), *Nevertheless: Varieties of Religious Pacifism* (Scottsdale: 1971); T. Merton, *Faith and Violence: Christian Teaching and Christian Practice* (Notre Dame: 1968); G. Zahn, *War, Conscience and Dissent* (New York: 1967); E. Egan, "The Beatitudes: Works of Mercy and Pacifism," in T. Shannon, ed., *War or Peace: The Search for New Answers* (New York: 1980), pp. 169-187; J. Fahey, "The Catholic Church and the Arms Race," *Worldview* 22 (1979):38-41; J. Douglass, *The Nonviolent Cross: A Theology of Revolution and Peace* (New York: 1966).

[46] Justin, *Dialogue with Trypho*, ch. 110; cf. also *The First Apology*, chs. 14, 39.

[47] Cyprian, *Collected Letters*; Letters to Cornelius.

[48] Sulpicius Severus, *The Life of Martin*, 4.3.

115. In the centuries between the fourth century and our own day, the theme of Christian non-violence and Christian pacifism has echoed and re-echoed, sometimes more strongly, sometimes more faintly. One of the great non-violent figures in those centuries was St. Francis of Assisi. Besides making personal efforts on behalf of reconciliation and peace, Francis stipulated that laypersons who became members of his Third Order were not "to take up lethal weapons, or bear them about, against anybody."

116. The vision of Christian non-violence is not passive about injustice and the defense of the rights of others; it rather affirms and exemplifies what it means to resist injustice through non-violent methods.

117. In the twentieth century, prescinding from the non-Christian witness of a Mahatma Ghandi and its worldwide impact, the non-violent witness of such figures as Dorothy Day and Martin Luther King has had a profound impact upon the life of the Church in the United States. The witness of numerous Christians who had preceded them over the centuries was affirmed in a remarkable way at the Second Vatican Council.

118. Two of the passages which were included in the final version of the *Pastoral Constitution* gave particular encouragement for Catholics in all walks of life to assess their attitudes toward war and military service in the light of Christian pacifism. In paragraph 79 the council fathers called upon governments to enact laws protecting the rights of those who adopted the position of conscientious objection to all war: "Moreover, it seems right that laws make humane provisions for the case of those who for reasons of conscience refuse to bear arms, provided, however, that they accept some other form of service to the human community."[49] This was the first time a call for legal protection of conscientious objection had appeared in a document of such prominence. In addition to its own profound meaning this statement took on even more significance in the light of the praise that the council fathers had given in the preceding section "to those who renounce the use of violence and the vindication of their rights."[50] In *Human Life in Our Day* (1968) we called for legislative provision to recognize selective conscientious objectors as well.[51]

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[49] *Pastoral Constitution*, #79.

[50] Ibid., #78.

[51] United States Catholic Conference, *Human Life in Our Day* (Washington, D.C.: 1968), p. 44.

119. As Catholic bishops it is incumbent upon us to stress to our own community and to the wider society the significance of this support for a pacifist option for individuals in the teaching of Vatican II and the reaffirmation that the popes have given to nonviolent witness since the time of the council.

120. In th development of a theology of peace and the growth of the Christian pacifist position among Catholics, these words of the *Pastoral Constitution* have special significance: "All these factors force us to undertake a completely fresh reappraisal of war."[52] The council fathers had reference to "the development of armaments by modern science (which) has immeasurably magified the horrors and wickedness of war."[53] While the just-war teaching has clearly been in possession for the past 1,500 years of Catholic thought, the "new moment" in which we find ourselves sees the just-war teaching and non-violence as distinct but interdependent methods of evaluating warfare. They diverge on some specific conclusions, but they share a common presumption against the use of force as a means of settling disputes.

121. Both find their roots in the Christian theological tradition; each contributes to the full moral vision we need in pursuit of a human peace. We believe the two perspectives support and complement one another, each preserving the other from distortion. Finally, in an age of technological warfare, analysis from the viewpoint of non-violence and analysis from the viewpoint of the just-war teaching often converge and agree in their opposition to methods of warfare which are in fact indistinguishable from total warfare.

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[52] *Pastoral Constitution*, #80.

[53] Ibid.

universities, in our country to develop programs for rigorous, interdisciplinary research, education and training directed toward peacemaking expertise.

230. We, too, must be prepared to do our part to achieve these ends. We encourage churches and educational institutions, from primary schools to colleges and institutes of higher learning, to undertake similar programs at their own initiative. Every effort must be made to understand and evaluate the arms race, to encourage truly transnational perspectives on disarmament, and to explore new forms of international cooperation and exchange. No greater challenge or higher priority can be imagined than the development and perfection of a theology of peace suited to a civilization poised on the brink of self-destruction. It is our prayerful hope that this document will prove to be a starting point and inspiration for that endeavor.

6. The Role of Conscience

231. A dominant characteristic of the Second Vatican Council's evaluation of modern warfare was the stress it placed on the requirement for proper formation of conscience. Moral principles are effective restraints on power only when policies reflect them and individuals practice them. The relationship of the authority of the state and the conscience of the individual on matters of war and peace takes a new urgency in the face of the destructive nature of modern war.

232. a) In this connection we reiterate the position we took in 1980. Catholic teaching does not question the right in principle of a government to require military service of its citizens provided the government shows it is necessary. A citizen may not casually disregard his country's conscientious decision to call its citizens to acts of "legitimate defense." Moreover, the role of Christian citizens in the armed forces is a service to the common good and an exercise of the virtue of patriotism, so long as they fulfill this role within defined moral norms.[99]

233. b) At the same time, no state may demand blind obedience. Our 1980 statement urged the government to present convincing reasons for draft registration, and opposed reinstitution of conscription itself except in the case of a national defense emergency. Moreover, it reiterated our support for conscientious objection in general and for selective conscientious objection to participation in a particular war, either because of the ends being pursued or the means being used. We called selective conscientious objection a moral conclusion which can be validly derived from the classical teaching of just-war principles. We continue to insist upon respect for and legislative protection of the rights of both classes of conscientious objectors. We also approve requiring alternative service to the community—not related to military needs—by such persons.

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[99] United States Catholic Conference, *Statement on Registration and Conscription for Military Service* (Washington, D.C.: 1980). Cf. also *Human Life in Our Day*, cited, pp. 42-45.

B. Shaping a Peaceful World

234. Preventing nuclear war is a moral imperative; but the avoidance of war, nuclear or conventional, is not a sufficient conception of international relations today. Nor does it exhaust the content of Catholic teaching. Both the political needs and the moral challenge of our time require a positive conception of peace, based on a vision of a just world order. Pope Paul VI summarized classical Catholic teaching in his encyclical, *The Development of Peoples*: "Peace cannot be limited to a mere absence of war, the result of an ever precarious balance of forces. No, peace is something built up day after day, in the pursuit of an order intended by God, which implies a more perfect form of justice among men and women."[100]

1. World Order in Catholic Teaching

235. This positive conception of peace sees it as the fruit of order; order, in turn, is shaped by the values of justice, truth, freedom and love. The basis of this teaching is found in sacred scripture, St. Augustine and St. Thomas. It has found contemporary expression and development in papal teaching of this century. The popes of the nuclear age, from Pius XII through John Paul II have affirmed pursuit of international order as the way to banish the scourge of war from human affairs [101]

236. The fundamental premise of world order in Catholic teaching is a theological truth: the unity of the human family—rooted in

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[100] Paul VI, *The Development of Peoples* (1967), #76.

[101] Cf. V. Yzermans, ed., *Major Addresses of Pius XII*, 2 vols. (St. Paul: 1961) and J. Gremillion, *The Gospel of Peace and Justice*, cited.

Mrs. **Boggs**. Thank you very much.

Do you have any questions?

Mr. **Green**. I have no questions, thank you.

Mrs. **Boggs**. Ms. Brown Devlin, would you send my very best personal greetings to Bishop Sullivan?

Ms. **Devlin**. I will be glad to.

Mrs. **Boggs**. Tell him that we missed him but he sent an excellent representative in his place. We are extraordinarily happy to have you.

Ms. **Devlin**. Thank you.

Mrs. **Boggs**. Thank you.

The hearing is concluded, and we will meet again Tuesday at 10 o'clock.

ENVIRONMENTAL PROTECTION AGENCY

STATEMENT BY CONGRESSMAN MOORHEAD

BEFORE THE

HOUSE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES

May 8, 1986

Mr. Chairman, I appreciate the opportunity to submit this statement into the record of your subcommittee on the 1987 fiscal year budget for the Environmental Protection Agency. This budget has importance relative to the threat faced by several Southern California cities, including the City of Los Angeles, to the purity of their municipal water supplies from the San Fernando Valley Groundwater Basin. The problem is a serious one. But it is correctable if EPA is provided with funding to enable it to take appropriate steps quickly.

The San Fernando Valley Groundwater Basin is vital to the City of Los Angeles' water needs, providing 15 percent of its annual water supply. Several other overlying communities, including the cities of Burbank and Glendale in my District, depend on the Basin for significant amounts of their daily water supplies. The Basin also acts as a huge underground reservoir storing large quantities of water which can be extracted during droughts and replenished later when surplus is available. There are 128 groundwater wells in the San Fernando Valley. Of these, 47 have been found to contain levels of industrial compounds - primarily trichlorethylene (referred to as TCE) that are above the State of California Action Levels. This contamination has prompted the Environmental Protection Agency (EPA) to list four areas in the San Fernando Valley Groundwater Basin (Burbank-North Hollywood, Crystal Springs, Verdugo and Pollock) as Superfund sites on the National Priority List (NPL).

The problem we face is two-fold: eliminating the causes of contamination and reducing or eliminating the contamination already present. Consequently, the City of Los Angeles has recently entered into a Co-operative Agreement with the Environmental Protection Agency (EPA) to conduct a Remedial Investigation (Investigation) of the San Fernando Valley Groundwater Basin under the Superfund Program. Work on this Investigation, estimated to cost a minimum of $2.8 million, has begun with a $300,000 contribution from the City's Department of Water and Power and will examine the four Superfund sites in the Basin. The majority of this work and consequent expenditures will be undertaken during the 1987 fiscal year.

The Los Angeles Department of Water and Power has been given authority to direct the study as the lead agency on behalf of the cities of Burbank, Glendale, La Crescenta, and San Fernando. The City of Los Angeles and these other communities are dependent on water from the San Fernando Valley Groundwater Basin and I am very concerned that the Investigation be completed in a timely fashion. This Investigation, which is expected to take a minimum of 16 months, is the first step in defining specific groundwater cleanup actions which will be proposed to be undertaken in the near future in accordance with the Superfund law. I recently sent a letter to EPA Administrator, Lee Thomas, urging that the EPA provide $1.5 million from the interim funding which Congress recently authorized for the Superfund Program to allow the Investigation to go forward.

Because of the immediate need to prevent the spread of groundwater contaminants to other wells in the Burbank-North Hollywood area, one of the four Superfund sites in the Basin, the City of Los Angeles is currently designing a clean-up and containment facility in that area. This groundwater cleanup facility is planned to be constructed this summer at an approximate cost of $2.5 million. The City expects to request EPA to fund 90 percent of these construction costs in the near future pursuant to the Superfund law.

Consequently, I urge you to approve a budget authorization for the Superfund Program in the Fiscal 1987 EPA budget which will allow successful and timely completion of the Investigation of the San Fernando Groundwater Basin. Costly and potentially hazardous delays may otherwise result. To this end, I am also supporting quick Congressional action on the Superfund Reauthorization Bill now before a conference committee.

EPA has made a significant commitment pursuant to the Superfund law to protect the safety of the public and to preserve the natural resources in my District. I and my constituents are depending on EPA to carry forward with this committment. Accordingly, we encourage you to provide an adequate funding level for the Superfund program to allow specific Superfund activities in the San Fernando Groundwater Basin to continue without delay.

Association of State Drinking Water Administrators

1911 N. Fort Myer Drive, Arlington, VA 22209 (703) 524-2428

Testimony of
The Association of State Drinking Water Administrators

Before the Subcommittee on HUD and
Independent Agencies
of the Committee on Appropriations
United States House of Representatives

May 8, 1986

Federal Assistance to State Drinking Water Programs.

I. INTRODUCTION

The Association of State Drinking Water Administrators (ASDWA) appreciates the opportunity to present this written testimony to the Subcommittee. ASDWA was conceived and founded in 1984 by members of the old State Liaison Group, an EPA advisory group made up of state drinking water program managers from each of the ten federal regions. The organization was formed because state administrators did not feel that existing bodies could adequately meet the communication and coordination needs of their programs. ASDWA's eligible membership is comprised of water supply program managers in the 57 states and territories. The primary purpose of ASDWA is to provide state primacy agents a collective voice on issues related to the protection of public health through the assurance of high quality drinking water. ASDWA presents this testimony today on behalf of our member states; it reflects the general consensus of the organization.

While hazardous waste and toxic substances issues often receive greater attention than drinking water, it has been recognized that all these issues are closely linked. Indeed, the need to safeguard drinking water supplies often provides the primary basis for most of the laws which seek to address these and other environmental quality issues.

Despite the recognition that safe drinking water has been one of the most critical environmental health issues in recent years, and the fact that the states bear primary responsibility for the implementation of drinking water programs, most state drinking water offices have historically been grossly understaffed and underfunded. Nevertheless, largely because of the professionalism and commitment of primacy state programs, the public has generally come to take safe, pure drinking water for granted at all times.

Through this testimony, we wish to convey the unanimous and urgent concern held by drinking water program managers that the dwindling availability of resources will inhibit the ability of states to carry out ever increasing statutory and regulatory responsibilities. It is ASDWA's strong belief that substantial increases in Public Water System Supervision (PWSS) grants will be necessary to effectively meet these added responsibilities and to continue to provide the drinking water quality which the public has come to expect.

II. HISTORICAL PERSPECTIVE OF DRINKING WATER PROGRAM MANAGEMENT

Past History

While public water supply management programs have been operated by the states for many years, the Federal government, through the enactment of the Safe Drinking Water Act (SDWA), became involved in the process in 1974. This larger Federal role in drinking water programs was justifiable largely due to the disparities which existed in the quality and scope of state programs nationwide, and the inefficiency which would result from the potential development of 50 different sets of drinking water standards.

Since the enactment of the SDWA, the number and type of regulatory responsibilities imposed upon state agencies has increased dramatically. Initially, National Interim Primary Drinking Water Standards were promulgated for only 22 contaminants, and monitoring and reporting requirements were comparatively limited. Then, in 1979 and 1980, additional requirements for monitoring, reporting and treatment for total trihalomethanes (TTHMs) were enacted.

Within the last several years of SDWA implementation, many state governments enacted additional statutory requirements, usually increasing their state agencies' responsibilities considerably. Further, a variety of administrative actions were taken by EPA, such as changes in reporting requirements and additional sanitary surveys, which also increased the state primacy agent's workload, particularly with regard to smaller water systems.

Perhaps the single most effective source of relief for many state programs has been the efforts of the National Rural Water Association (NRWA) in administering technical assistance to these small systems. NRWA has provided a variety of indispensable services for over a decade. Further resource constraints or curtailment of the NRWA's ability to perform would inevitably lead to extreme difficulties in the operation of small systems, and in the ability of state drinking water programs to provide adequate public health protection.

Current and Future Developments

The additional requirements which will be imposed on states with the Phase I-IV Regulations now under development at EPA and with the reauthorization of the SDWA are enormous. Up to 85 additional maximum contaminant levels (MCLs) will be promulgated over the next few years. The laboratory certification, monitoring, reporting and data handling responsibilities involved in implementing these standards will be immense.

To partially illustrate the magnitude of these effects, Table 1 presents an EPA estimate of the costs to state governments for implementing regulations for the control of volatile organic chemicals (VOCs). The left column in this table represents costs associated with VOC regulatory programs already in place and operating in 12 states. The center column represents additional costs for implementation of EPA VOC regulations in all states. Even considering that the $12.8 million in start-up costs for current state programs are already sunk, total costs to state governments for implementation of the VOC regulation alone may be as high as $79.1 million over the next ten years.

Additionally, EPA is considering the feasibility of including certain types of non-community water systems (which are now not subject to most regulations) under the new requirements. This will constitute an added strain on state resources, particularly if the regulations do not provide for maximum state flexibility.

Finally, the reauthorization of the SDWA will represent increased administrative and technical responsibilities for state programs. The well-head protection programs, requirements and deadlines for promulgation of MCLs, and mandatory monitoring, filtration and disinfection provisions all will present increased burdens on state resources and will require significant increases in the appropriations for PWSS grants to ensure proper implementation.

III. RESOURCE SHORTFALLS

Despite the added programmatic responsibilities described above, appropriation levels for PWSS grants have not increased above the 1980 level (see Figure 1). Adjusted for inflation, this represents significant decreases in real dollars available to state programs through federal grants since that time.

ASDWA has initiated a survey of program managers designed to quantify state resource needs over the next several years. We will be pleased to provide the Subcommittee with the results when they become available. For illustrative purposes, we have developed a rough estimate of staffing needs based on existing data (see Table 2). We estimate that states would currently require an additional 1100-1500 full-time equivalent (FTE) employees in order to meet the minimum baseline human resource needs to run their programs based on regulatory and statutory requirements in existence in 1975. This does not account for additional workloads imposed by the more recent regulations and amendments and does not include laboratory personnel, as these services are assumed to be conducted by private labs for Phase I-IV contaminants.

Using a conservative estimate for compensation plus related employee expenses of about $40,000/year/FTE and assuming that between 1100 and 1500 additional FTEs would be necessary nationwide, at least $44 - 60 million per year in additional resources will be required by the state programs to begin implementation of the additional statutory and regulatory requirements.

In addition, to provide adequate public health protection for small water systems, appropriations for technical assistance grants should be increased from last year's level of $2.9 million to the level of $10 million authorized in the SDWA amendments. Since the technical issues involved in the Phase I - IV regulations and SDWA amendments are so extensive and complex, there is a critical need to expand assistance to as many small systems in as many states as possible.

Without these added resources, and with increased regulatory responsibilities, states will be forced to further prioritize programs and curtail additional activities. This may include actions such as the following:

- Limitation of enforcement activities to problems where acute illnesses might be involved (i.e., violations of bacteriological and/or turbidity standards);
- Curtailment and limitation of activities on the non-community water system programs;
- Elimination or drastic reduction in monitoring for inorganic and radiological contaminants where a history of contaminant levels has been established; and
- Reduction in the extent of sanitary surveys and other field activities.

IV. CONCLUSION

ASDWA agrees that strengthened laws and regulations to ensure safe drinking water are both necessary and desirable. We believe that standards for VOCs, synthetic organic chemicals, radionuclides and other toxic contaminants should be promulgated and implemented as soon as possible. And, with adequate flexibility afforded to the states, we agree that further measures such as monitoring for unregulated contaminants, closer regulation of certain NCWS, stricter protection of public water supply wells, and filtration of all surface water supplies may be required to fully protect public health.

However, the question ultimately becomes, who will pay for these added services? At this time, the answer appears to be that no one wants to assume these added budgetary responsibilities. More and more responsibility for drinking water program administration and support is being shifted to the states; yet, data from a 1985 report on non-community water systems show that some states already contribute as much as 74.4 percent of total PWSS funds (see Table 3). Most states will be unwilling to increase these percentages. In fact, the mandatory reductions in Federal grants required as a result of the Gramm-Rudman legislation have in some cases been compounded by proportional reductions in the state contributions. In Michigan for example, the state program not only had to absorb a five percent cut in funds from their federal grant, but an additional reduction of five percent of the matching state funds.

The Federal government, through expanded EPA regulations and through the current amendments to the SDWA, has plainly shown that the continued provision of safe drinking water is of the highest priority. The Association of State Drinking Water Administrators shares this view and is committed to this goal.

To effectively and universally achieve this goal however, ASDWA strongly believes that appropriation levels, which have historically been held far below actual authorization levels, must be substantially increased for both Public Water System Supervision Grants and Technical Assistance Grants. As stated below, our estimates for minimum, baseline state drinking water program staffing and resource needs run as high as $60 million per year in additional funds (again, this does not even account for additional resources needed to implement the statutory and regulatory provisions enacted since 1975). Without maximum primacy agency flexibility and increases in Federal financial assistance for state programs, difficult decisions and commensurate cuts in existing program activities will have to be made.

The Association of State Drinking Water Administrators greatly appreciates the opportunity to submit this testimony to the Subcommittee.

TABLE 1*

ESTIMATED NATIONAL COSTS OF STATE GOVERNMENT IMPLEMENTATION OF EPA REGULATIONS FOR VOCs**

	For Current State Program	For Additional EPA Regulations	Totals
Start-Up Costs	$12.8 million	$ 4.1	$ 4.1
Ongoing Costs	5.6	1.9	75.0
Total Costs Over First Ten Years With VOC Regulations	56.0	23.1	79.1

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* Source: U.S. Environmental Protection Agency, Office of Drinking Water, Economic Impact Analysis of Proposed Regulations to Control Volatile Synthetic Organic Chemicals (VOCs) in Drinking Water, October, 1985

** A loaded rate of $40,000/work year was used to determine labor costs.

FIGURE 1

PWSS GRANTS 1976 - 1986
Appropriated and Inflation Adjusted

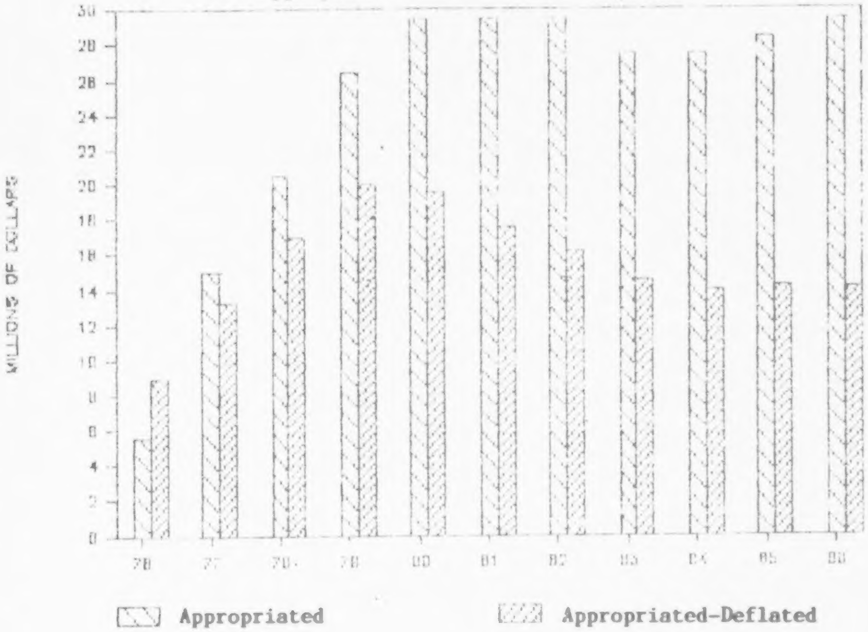

TABLE 2

STATE STAFFING ESTIMATES

	Community Systems		NCWS		Total FTE (Existing)	Total FTE Less Lab. (Needed)
	# Systems	FTE	# Systems	FTE		
EPA/CSSE (1973)	44,389	1654	254,100	2909	4563	2653
NSF (1974)	49,166	3301	230,367	3169	6470	3575
EPA (1975)	40,000		200,000			2726
1984 FRDS[1]	58,300		148,000		1200-1600	

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[1] Estimate derived from data collected under a 1985 study of non-community water system programs in nine states, funded by U.S. EPA, Office of Drinking Water.

TABLE 3***

STATE BUDGETS FOR PUBLIC WATER SYSTEM SUPERVISION
FY-85

State	Federal Share	%	State Share	%	Total
Florida	$ 940,600	41.6	$1,320.639	58.4	$2,261,239
Minnesota	699,615*	55.4	562,000	44.6	1,261,615
Utah	294,500	45,3	355,500	54.7	650,000
West VA	314,000	42.8	420,058	57.2	734,058
Michigan	853,600	35.3	1,566,100	64.7	2,419,700
Missouri**	698,288	46.8	795,141	53.2	1,493,426
Washington	675,325	49.2	698,310	50.8	1,373,635
Texas	1,792,100	45.4	2,152,804	54.6	3,944,904
New York	1,827,000	25.6	5,304,200	74.4	7,131,200

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* includes $63,615 from a federal (non-EPA) block grant.

** funding amounts shown are for FY-84.

*** Source: U.S. Environmental Protection Agency - Office of Drinking Water, A Management Assessment of Non-Community Water System Programs in Nine States, September, 1985.

ENVIRONMENTAL PROTECTION AGENCY

Mr. Chairman and Members of the Subcommittee, this statement is presented on behalf of the Shoshone Tribe of the Wind River Reservation in Wyoming, the Nez Perce Tribe of Idaho, and the Pueblo of Laguna of New Mexico in support of funding for Tribal Environmental Programs on Indian Reservations.

The statement first discusses general concerns of the above-noted tribes regarding federal support for environmental protection in Indian country. The statement then describes some of the current and planned environmental activities of such tribes. The tribes hope a review of their activities will demonstrate in part the serious commitment that exists, and the commensurate financial and staff commitment the EPA needs to achieve the goal of full environmental protection on Indian lands.

As you undoubtedly would agree, American Indians legitimately can claim to be this country's first and certainly among the most concerned of the environmentalists. Throughout history, tribes successfully have balanced the need for economic development with the preservation of natural resources, thereby maintaining cohesive, healthy, productive and self-reliant communities. Over time, however, and due largely to activities of non-Indians on and off the Indian reservations which have caused extensive environmental degradation, solutions to tribal environmental problems have become more complex. Consequently, tribes were among the first and most active supporters of the minimum environmental protection goals set by the federal government.

In this same spirit, the Indian community applauded the EPA's adoption on November 8, 1984 of its "Policy for the Administration of Environmental Programs on Indian Reservations." It is also important to note the fact that the EPA became the first, and only, federal agency to adopt an Indian policy consistent with President Reagan's Indian Policy Statement of 1982. This statement of support, and the EPA's policy for tribal self-determination and direct government to government relations between the Federal and tribal governments, bodes well for future relations between tribes and the EPA, and as a result, the full implementation of federal environmental policies on Indian lands.

While we commend the EPA for adopting its Indian policy, we must question, however, the EPA's commitment to assess adequately and address longstanding and long-ignored tribal environmental needs. What presently is required of the EPA is a move beyond rhetoric, towards a substantive and meaningful program to implement its stated policy. Only in this way will fully effective environmental protection be provided to reservation lands, much in the way non-tribal land has been protected by the EPA and states since passage of the federal environmental laws. Key elements of such a tribal program are suggested below.

American Indian reservations consist of approximately 50 million acres and comprise approximately 3% of the total land in the U.S. The 274 federally recognized Indian tribes possess jurisdiction over their lands, which to a large extent is exclusive as against the states. The EPA and tribes, therefore, share the main responsibility to protect reservation environments. We believe the EPA at a minimum, accordingly, should spend proportionally as much protecting reservation environments as it does protecting the rest of the nation's environment. Towards this end, we urge that Congress approve an appropriation that has earmarked for technical assistance and staff resources sufficient funding to assess reservation environments and develop tribal environmental programs on Indian lands. Significantly, while such earmarking has not previously been done, last year the full House Appropriations Committee included the following report language directing the EPA to identify some of the needs for tribal programs.

> "The Committee does feel that current levels of assistance clearly do not adequately address many serious and demonstrable problems confronting these semi-autonomous areas. The Committee, therefore, expects the Agency to make a concerted effort to improve in this respect within funds contained in appropriations bill." (Emphasis added)

The foregoing directive is most certainly appreciated, but regrettably the tribal experience has been that the EPA has undertaken only a limited initiative on behalf of Indian tribes. The EPA Indian Policy will come to fruition only when adequate funds are provided expressly for the purpose of assessing reservation environments and promoting Indian operated environmental programs. The EPA now has or soon will have full authority to meet these urgent needs.

More specifically, since EPA's adoption of its Indian Policy, Indian tribes and national tribal organizations have sought amendments to the Clean Water, Safe Drinking Water and Superfund Acts. Simply stated, these Amendments would recognize that Indian Tribes possess inherent sovereign authority to regulate and enforce environmental standards on Indian lands. In effect, these amendments would permit tribes to participate in the federal environmental regulatory framework in a manner that is consistent with the EPA Indian Policy, inherent tribal sovereign powers and long established federal law and policy. The conferees on the Safe Drinking Water Act and Superfund have approved language that will ensure tribal participation in those Acts in a manner equivalent to that of states. The Clean Water Act conferees are expected to approve similar language shortly. This Subcommittee, therefore, must provide sufficient funds for Indian tribal governments to carry out the environmental protection programs for which they are responsible directly under their inherent sovereign powers and as now recognized in the federal environmental laws.

With respect to the needs of tribes in the environmental arena, Indian tribes have faced a dilemma in seeking funding for environmental programs because they lack comprehensive data identifying reservation environmental problems. No agency, including EPA, the Bureau of Indian Affairs, and the Indian Health Service, has yet compiled this data in a comprehensive fashion. Language in the Indian amendments to the Safe Drinking Water Act, Superfund, and the Clean Water Act thus directs the EPA and IHS to conduct surveys identifying problems with drinking water and hazardous waste sites on Indian reservations. The sooner such reports and similar reports are prepared, the better tribes will be able to design their own regulatory priorities and programs.

Some tribes, however, have determined that the environmental protection needs are so great on their reservations, they cannot afford to wait for full-scale EPA assistance. These tribes, therefore, are generating their own data and are in the early stages of designing their own regulatory programs. Thus, as never before, it is critical that EPA begin assisting such tribes to help ensure national environmental policies as implemented in a cohesive and fully effective manner. Some of this early Indian tribal environmental protection effort is demonstrated by the activities of the Nez Perce, Laguna and Shoshone Tribes, which are described below.

The Nez Perce Tribe has recognized an urgent need to conduct a study of the water quality on its reservation. Maintaining and preserving the fish and wildlife on the reservation is one of the most important priorities of the Tribe. To accomplish this goal, sustaining the traditional waterways and proximate fish habitat is a critically important tribal project. Toward that end, the tribe has employed a water coordinator to help delineate its long and short term water needs, including proposals to improve its water quality for both domestic and commercial use. In addition, ground water studies, along with air quality studies, need to be developed in order to investigate the effect both agricultural pesticides and herbicides and the nearby Hanford nuclear facility have had on the tribe's natural resources, particularly its streams. In sum, the Nez Perce Tribe is dedicated fully to the preservation of its fish and wildlife, which, in turn compels comprehensive and effective planning and enforcement of air and water quality regulations.

The Pueblo Laguna long have experienced problems with their prime source of water, the Rio San Jose River. Grants, a city located upstream from the Pueblo Laguna on the Rio San Jose, has taken so much water from the river, and also dumped in the river its sewage effluent, the river no longer yields potable water for the Pueblo. Several suits currently are pending against Grants to stop or slow further pollution, but the problem still facing the Pueblo is how to improve the quality of the river's water. As a consequence, the Pueblo Laguna, with the assistance of a private engineering consortium, has devised several solutions to the Rio San Jose problem, for example, by utilizing fresh aquifiers and springs from an inactive nearby volcano, Mt. Taylor. Designs have been made to tap the springs and aquifiers from Mt. Taylor, and run lines down the mountain to the Pueblo. The pure mountain water would replace the salty Rio San Jose water for potable use, freeing up the river water for use in irrigation. The Pueblo Laguna, moreover, desperately is concerned with expanding irrigation of Pueblo lands since its rich farmland, which at one time spanned 9,000 acres, has dwindled over the years into a 141 acre tract. Because less than 2% of the Pueblo's farmland currently is suitable for crop production, the Pueblo keenly is interested in developing with the EPA a new water system and related regulations from one of the several designs that has been recommended to them.

The Shoshone Tribe of the Wyoming Wind River Reservation has begun to experience environmental problems caused by acid rain generated by the emissions from several energy powerplants situated near the western edge of the reservation. Specifically, the granitic structure of the Wind River Mountain range makes it highly susceptible to acid rain,and the alpine and sub-alpine lakes have low buffering capacity due to sparse vegetation above 7,000 feet. In addition, fallout from the acid rain is harmful to the grass, and in particular the beautiful streams and rivers that flow adjacent to the Continental Divide on the Wind River reservation. Significantly, because the Wind River is the headwater for the Yellowstone River which flows into the Missouri River, the pollution of on-reservation waters could impose significant region-wide damage.

The tribe also is very concerned that the 1100 miles of streams on the reservation not be contaminated by toxic chemical discharges from sources both on and off reservation. In an area that already has a borderline Ph, any additional chemical releases into the environment could very well impose serious environmental degradation in waters important to the tribe. Additionally, the high mountaintop areas of the reservation are used by tribal members during religious retreats and for the gathering of medicinal herbs and roots. For the foregoing reasons, the Shoshone Tribe is very interested in commencing a study on the impact of acid rain fallout and toxic chemical discharges on their streams and rivers. The tribe, however, needs both financial and technical assistance from EPA to study and address these and other environmental quality problems affecting the waterways on the reservation.

These examples are but a few of the kinds of environmental problems and projects the EPA needs to address as part of its Indian policy. To accomplish such an objective the Nez Perce, Pueblo of Laguna and the Shoshone Tribe join with other Tribes in a request for an FY '87 appropriation of $10 million for general surveys and studies under the Safe Drinking Water, Clean

Water and Superfund Acts. In addition, the Tribes request that $5 million be appropriated for technical assistance and EPA staff resource expansion to assist the Tribes in developing their own regulatory programs. The requested funds would aid greatly tribal environmental activity consistent with federal environmental laws and policies.

In conclusion, Indian environmental policy is little more than rhetoric until the EPA commits adequate fiscal resources to discern and solve the environmental problems on each reservation. Further, to fulfill its trust responsibility to protect tribal lands, the United States must stand behind the letter of the law and provide suitable remedies to environmental damage of tribal land which, importantly, was caused by non-Indians, short-sighted federal policies, or federal mismanagement of tribal lands. Native Americans should be able to expect, and certainly deserve, at least the same environmental quality that is enjoyed by the majority of Americans. And, importantly, in light of the historic neglect of tribal lands, tribes will need significant federal assistance to achieve this goal. This subcommittee, accordingly, respectfully is requested to ensure this goal is met by mandating that adequate funds and resources be devoted to Indian environmental problems.

ENVIRONMENTAL PROTECTION AGENCY

Testimony of

ENVIRONMENTAL SAFETY, INC.

and

THE SIERRA CLUB

Submitted to the

Appropriations Subcommittee on HUD and Independent Agencies

U.S. House of Representatives

May 5, 1986

FY 1987 APPROPRIATIONS FOR THE ENVIRONMENTAL PROTECTION AGENCY

Environmental Safety, Inc. and the Sierra Club have repeatedly testified before a variety of congressional committees over the last six years on the inability of EPA to fullfill all its statutory responsibilities of protecting public health and the environment, given its current financial resources. Our most recent analyses of current and proposed FY '87 EPA budgets are attached as Appendices A and B.

Recently we and six other national conservation organizations (National Wildlife Federation, the National Audubon Society, The Wilderness Society, Defenders of Wildlife, National Parks and Conservation Association, and U.S. Public Interest Research Group) published a report entitled The Environmental Solution to the Deficit Dilemma. That report summarizes our argument that the decreasing purchasing power of EPA's operating budget since FY 1981, combined with a vastly increased workload brought on by new statutory toxics control requirements, has inexorably led to a failure to implement the nation's preventative pollution laws:

> According to a detailed report issued in 1982 by the National Wildlife Federation, EPA's workload in the early 1980s doubled as its toxic control responsibilities came into effect. A 1986 analysis by Environmental Safety updating the 1982 report concluded that the

FY '87 EPA needed a 55 percent increase in real spending over FY '81 levels to implement both its toxic and non-toxic preventative programs. Yet in reality, EPA's current purchasing power for these programs is 15 percent below 1981 levels and is now as low as it was in 1976, before many of the major toxic laws were even passed.

Because EPA has never been given the resources to control toxics, the Agency is failing abysmally in its efforts to protect public health and the environment from carcinogenic and other health threatening substances. As a result:

- Less than 2% of active hazardous waste land disposal sites have received final safe operating permits, and less than 1% of abandoned hazardous waste sites have been finally cleaned up.
- Less than 7% of hazardous air pollutants in America needing regulation have been controlled.
- Despite the law, less than 1% of the array of chemicals in use have been screened for safety and regulated where undue risk exists, and less than 3% of the pesticides have been scientifically reviewed and safeguarded where needed.

While Sierra Club and Environmental Safety believe that EPA's congressional appropriations should be greatly expanded, we also recognize that there may be some restraints placed on the appropriations committees by the yet-to-be-enacted FY 1987 Concurrent Budget Resolution. We therefore would like to take this opportunity to merely point out the necessarily increased costs of implementing new or expanded environmental protection programs enacted by each House of Congress within the last 2 years. In each case these costs are based on estimates of EPA, or on authorized levels already enacted by both the House and Senate. In addition, we would like to note other programs which EPA itself says it cannot implement with current resources. Finally, we present suggestions for funding needed budget increases at little or no additional cost to the U.S. Treasury.

Resource Conservation and Recovery Act Amendments of 1984

RCRA Amendments passed by Congress in late 1984 established a long list of new requirements and new deadlines to control of toxic wastes (attached as Appendix C). EPA program offices in 1984 estimated that it would take $334 million in FY 1986 ($96 million more than the Agency now has) to meet all the requirements of the reauthorized RCRA, according to a Oct. 16, 1984 Memo from EPA Comptroller Morgan Kinghorn to EPA Deputy Administrator Al Alm (submitted to Congressman Florio by Lee Thomas on May 9, 1985). EPA last fall asked the Administration (in its FY 1987 OMB Request -- attached as Appendix D) for a 24%, $55 million RCRA budget increase, including a 48% increase for enforcement. The following vital new programs are scheduled to go into effect in 1987, but are unlikely to be implemented without budget increases:

- EPA estimates there are at least 1 million underground storage tanks (mainly for gasoline), most of which are leaking or are likely to leak, creating grave dangers to the groundwater which provides half the nation's drinking water.

- As a result of new RCRA requirements, in late 1985 more than 1000 of the nation's 1600 hazardous waste land disposal facilities closed down rather than certify that they were monitoring for groundwater contamination and that they were adequately insured. In 1987 EPA must find the resources to ensure that each of these newly closed facilities is no longer accepting hazardous waste and is not leaking toxics into groundwater.

- RCRA now requires EPA to issue safe operating permits to all 500 currently operating toxic waste land disposal sites by November, 1988. In its FY '87 OMB Submission, EPA said that, with the increased resources it requested, it could issue permits for all "non-leaking" sites by 1988. Failure to increase EPA's RCRA budget would make even this limited attempt to comply with this critical requirement impossible.

- RCRA now requires municipal sewage treatment plants to begin ensuring that toxics coming to them from waste disposal facilities are handled safely. EPA said in its OMB Submission that it needs 20 new full-time employees to deal with the 225 sewage treatment plants estimated to be affected by this new requirement.

Safe Drinking Water Act Amendments of 1986

Although groundwater is the source of drinking water for over half the American population, the federal government is now doing virtually nothing to protect this vital natural resource. However, a House-Senate Conference Committee has just reached agreement on SDWA Amendments, and final Congressional approval is imminent. In order to implement new statutory mandates on groundwater and sole source acquifer protection, monitoring of unregulated contaminants, additional technical assistance to the states, and other requirements, the EPA program office says it will need approximately $40 million in additional resources in FY '87 (see Appendix E).

Superfund Amendments of 1986

Both Houses of Congress last year enacted Superfund bills authorizing at least $7.5 billion over 5 years, or an average of $1.5 billion a year. Such a spending level is minimal in light of total clean-up cost estimates ranging from EPA's $11.7 billion to GAO's $26 billion to OTA's $100 billion.

Because actual Superfund spending is dependent on Congressional extension of the Superfund tax (now in Conference), and because little if any of the Trust Fund revenues are expected to come from general revenues, the congressional Appropriations Committees need not be constrained in approving a minimal $1.5 billion appropriation for FY 1987, just as they approved Superfund appropriations in FY 1986 despite Congress' failure to reauthorize the law last year. Superfund taxes voted by Congress are designed for hazardous waste cleanup, and it would be a grave diservice to the public, to those voting for Superfund taxes, as well as those paying Superfund taxes if they were to be used for deficit reduction instead.

Clean Water Act Amendments of 1986

Congress this year is likely to approve a new program to control "nonpoint" sources of water pollution; both versions of the bill now in Conference authorize at least $70 million in new spending. One recent study conservatively estimates that nonpoint runoff threatens or impairs 165,000 miles of rivers, over 8 million acres of lakes, and 1,400 square miles of estuaries.

Two years ago, GAO reported that 82% of major wastewater dischargers surveyed were violating clean water standards, and yet the purchasing power of EPA's water quality program has been cut 43% since FY 1981. According to a 1984 EPA Memorandum submitted to Senator Leahy, "it would take $203 million in additional appropriations to make up for lagging permitting and enforcement in the water program" including $103.2 million for "complaince inspections and monitoring of discharges." The Administration's FY 1987 congressional budget proposal for EPA states that "more resource intensive inspections of facilities are necessary" to detect violations and increase enforcement.

Toxic Substances Control Act

According to an EPA report submitted by EPA Assistant Administrator Howard Messner to Congressman John Dingell on March 6, 1986, a freeze in EPA's toxics budget, if sustained for 5 years, would mean: "By 1991 over 1800 pieces of data on potential existing chemical problems would be backlogged. This backlog will include many chemicals that should be reviewed including potential 4(f) candidates." (See Appendix F.) EPA's toxic substances office is essential to the generation of basic information on the dangers of chemicals which frequently show up in our air, water and land. According to a 1984 National Academy of Sciences study, we do not have sufficient data on over 90% of the 60,000 chemicals in commerce to assess their health hazards.

Asbestos in Schools

The $44 million now earmarked by EPA for asbestos removal from schools (which the Administration wants to zero out) should be compared to the $800 million worth of requests for federal assistance from school districts, and an estimated $2 billion to $4 billion price tag for removing asbestos from all school buildings.

Clean Air Act

A 1985 GAO Report found that EPA's air monitoring program conducted inadequate inspections 39% of the time. 73% of the sources which are the direct responsibility of EPA were not inspected at all, largely due to lack of staff according to the 10 EPA regional offices surveyed. Additional resources for air monitoring are clearly needed.

Federal Insecticide, Fungicide and Rodenticide Act

According to EPA figures provided to Congressman Dingell on March 6, 1986, at current funding levels it will take 18 years (until the year 2004) just to identify the data gaps we must fill in order to evaluate the potential dangers of all pesticides now in use. It will then take four to six more years to complete and evaluate missing chronic health hazards data. Only 3% of commonly used pesticide active ingredients have been tested according to modern scientific standards.

An historical agreement between the agricultural chemical industry and an environmental/consumer/labor coalition has resulted in legislative proposals to complete all testing of pesticides on the market within 7 years. The agreement provides for $60 million in company fees to help reach this goal.

Polluter Fees Should Be Instituted to Offset Costs of Administering EPA's Pollution Control Programs

Because of budgetary constraints, it may be difficult to finance all these new EPA progam needs strictly from existing general revenues. Just as the Reagan Administration has proposed to increase entrance fees to National Parks and assess new "user fees" for federal meat and poultry inspections, we believe that EPA and state agencies acting under delegated authority, should begin instituting a mandatory system of reasonable fees designed to cover administrative costs in issuing permits, waivers, variances, etc. Such fees could be used to finance increased EPA appropriations, or could be used by the states to make up for a partial reduction in EPA state grants equal to the amount which the fees would raise. Imposition of such fees by the states could be made a precondition of receipt of remaining federal grants.

Such fees were advocated this year by 8 major national conservation groups in The Environmental Solution to the Deficit Dilemma, cited above. That document provided the following rationale for the proposal:

> Conservationists believe that those using publicly owned natural resources ought to pay a fair market value for the use of those resources. Similarly, we have come to believe that private parties who choose to introduce potentially dangerous substances into our air, water and land ought to pay at least a substantial portion of the cost of ensuring that the public health and the environment are safeguarded from their activities.
>
> Little has been done in the past to assess polluters for the costs of federal research, regulatory and enforcement programs. However, the specter of sizeable cuts in EPA's pollution budget due to deficit pressures makes the imposition of permit fees not only reasonable, but imperative. It is also imperative that these fees, which would be modest in scope from a federal budgetary perspective, be stricly earmarked as "dedicated revenues" for EPA, not only to justify their imposition on those bearing the cost, but also to ensure timely compliance with the nation's environmental laws.
>
> An excellent example of the type of fee we advocate was recently proposed by the agricultural chemical industry.....
>
> ...Manufactureres of each pesticide active ingredient would contribute $150,000 for the testing of that chemical, roughly half the cost to EPA. In all, it is estimated that the industry would pay $60 million over 3 years to help EPA test existing pesticides.

FEDERAL EMERGENCY MANAGEMENT AGENCY

TESTIMONY OF THE ASSOCIATION OF STATE FLOODPLAIN MANAGERS

Federal Emergency Management Agency

Fiscal Year 1987 Appropriations

Submitted to the House Committee on Appropriations

Subcommittee on HUD-Independent Agencies

May 8, 1986

The Association of State Floodplain Managers is the only national organization of state and local officials responsible for managing flood-prone areas. We represent those agencies that implement the floodplain management aspects of the National Flood Insurance Program (NFIP). We are also active in flood hazard mitigation and other activities to reduce and prevent flood damages.

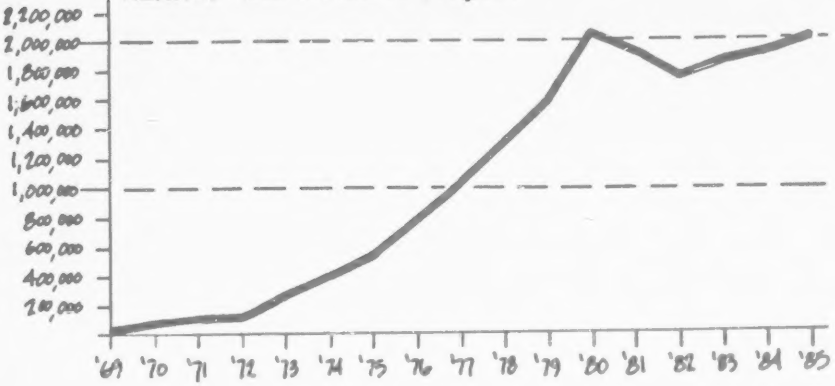
Floods cost the nation much more than the dollar figures that appear in the Federal Budget. In addition to the costs to the Federal Emergency Management Agency (FEMA) for disaster assistance and flood insurance claims, federal, state and local government agencies pay for flood fighting and flood control projects. Individual businesses and home owners pay much more in property damages, lost business, and suffering. Last year over 150 people were killed by floods in the United States.

The last time the total cost of flooding to the country was added up was in 1975. At that time, it was estimated that floods cost the country over $3-1/2 billion. This number is increasing as more homes and businesses are built in floodplains.

Our Association wants to stop the increase in flood damages and government expenditures and reduce the disruption and damage caused by flooding. Our members work every day to control new construction in floodplains and advise and assist property owners on how to reduce damages. FEMA's NFIP and hazard mitigation programs also do this. However, only with close cooperation with state and local governments can these programs be effective.

Our major concern is the direction of the NFIP. The NFIP was created to provide federally subsidized flood insurance to floodplain residents. In return, local governments promise to regulate new construction. Floodplain regulations can be very controversial, especially when a local economy needs more business or industry and local officials have to tell prospects that they cannot build what they want to in the floodplain. As long as residents want flood insurance, local officials will hold up their side of the agreement with the NFIP and will prevent unwise development.

Up until 1981, it was very obvious that people wanted flood insurance. As shown by the chart on the next page, the number of flood insurance policies increased every year. However, in 1981 the trend reversed. In 1981 the Federal Insurance Administration started increasing premiums, cutting coverage, and raising the deductibles in order to make the NFIP self-supporting by 1988.


NUMBER OF POLICIES IN FORCE BY FISCAL YEAR, 1969-85
National Flood Insurance Program

Our greatest concern with the budget is the latest proposed rate increase that will be necessary to make the National Flood Insurance Fund fully supported by policy holders' premiums in 1987. To do this, the ratio of income over expenses needs to be increased by 27 percent. The Federal Insurance Administration (FIA) has proposed a 22 percent increase in the subsidized rates for existing homes as the primary way to meet this goal.

This Association has strongly opposed large, abrupt rate increases in the past and we continue to do so. In 1985 the average annual premium was $215. A 22% increase will raise it to more than $260. Our members have received many complaints from policy holders that flood insurance costs more than their multi-risk homeowners insurance (which does not cover flooding). When policy holders see larger deductibles and less coverage, they tell us that they are dropping their flood insurance policies.

FIA estimates that there are 6-8 million buildings in the nation's floodplains. As these buildings receive new mortgages and home improvement loans, federal law requires the owners to purchase flood insurance. There are only two million flood insurance policies in force. If only 10% of the 4 million uninsured buildings are bought or improved each year, the total number of policies should increase by 400,000 annually.

This is not happening. It can be seen by the chart that people are not voluntarily buying flood insurance and those who have policies are not renewing them.

As more expensive flood insurance becomes more unpopular, we predict two long term results. First, there will be less incentive for communities to maintain their side of the agreement with the federal government to properly manage floodplain development. As long as rates are reasonable, owners will encourage their local officials to stay in the NFIP. If residents do not want flood insurance, their local officials are more apt to bow to development pressures and allow new construction to aggravate the flooding problem. Second, as insurance coverage drops, more of the cost of flooding will be picked up by other federal, state and local disaster assistance programs.

In 1983, the General Accounting Office reported to Congress that such increases "could be harmful to program objectives by reducing participation and increasing the use of disaster assistance" (GAO/RCED-83-53, page 31). When it approved FEMA's fiscal year 1986 budget, your Committee of Conference agreed with these concerns and directed that the 1986 rate increase be limited to 5%.

We are also concerned that FIA does not devote enough attention to what we consider the best way to make the National Flood Insurance Fund self-supporting: to reduce damages to flood-prone property. We have recommended many activities to do this and we volunteered to assist in implementing them. These include: advising all policy holders on how to protect themselves from flooding, providing financial incentives such as insurance rate breaks for floodproofing homes, providing a rating incentive to communities that initiate damage reduction measures, and devoting special attention to high loss areas.

These activities should be tried before the agency resorts to more rate increases and coverage cuts. However, our latest series of suggestions brought no invitation from FIA to pursue them. For example, we volunteered to assist in preparing a "Community Rating System". The Community Rating System was initially an FIA proposal to adjust flood insurance rates to reward or penalize communities with good or bad floodplain management programs. FIA's response is that the idea is still under study, a condition it has been in for several years.

We would also like to comment on FEMA's flood hazard mitigation programs. These include the following line items:

Comprehensive Emergency Preparedness Planning
  Hurricane Preparedness: we support continued funding at the proposed level.
  Dam Safety: we support continued funding at the proposed level.
  Hazard Mitigation Assistance: we support additional funding for this program which has proven to be very effective and innovative by building on local concerns for flooding to promote comprehensive hazard mitigation.

National Flood Insurance Fund

Flood Studies and Surveys: we support continued funding at the proposed level.

Flood Hazard Reduction: we support continued funding at the proposed level. We request that the record show funding at the same level as previous years for contracts with the states to provide direct assistance to communities.

Purchase of Property: we support increased funding. A FEMA report on this program demonstrated that three times the proposed funding level is needed.

Disaster Relief Fund: Disaster Preparedness Improvement Grants: we support continued funding at the proposed level.

Training and Education: we oppose cutting student travel and stipends.

All of these programs have more requests than funds available. Each of them pays its own way by reducing property exposure to hazards or by improving the skills of those responsible for managing emergencies.

We have reviewed the testimony prepared by the National Emergency Management Agency and the National Coordinating Council on Emergency Management on FEMA's FY 87 appropriations. We would like to note that we support all of their positions, particularly their opposition to cutting student travel and stipends and their support for hazard mitigation activities.

In summary, we have two concerns about the proposed Fiscal Year 1987 budget for the Federal Emergency Management Agency:

1. We are unable to support another substantial increase in flood insurance costs or reduction in coverage because of the adverse effect on floodplain management efforts. The National Flood Insurance Fund may become self supporting but in the long run, without a greater effort to reduce flood damages, the federal taxpayer will continue to pay the costs of flooding.

2. Continued funding is needed for the flood hazard mitigation activities and more funds are needed for the purchase of property and training and education line items.

Thank you for the opportunity to provide this testimony. If there are any questions, French Wetmore, Chair of the Association, can be reached at 312/793-3864.

FEDERAL EMERGENCY MANAGEMENT AGENCY

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Testimony of

The Society of National Fire Academy Instructors

by

Burton W. Phelps, President

Deputy Chief, Anne Arundel County Fire Department

Millersville, Maryland

Subcommittee on HUD-Independent Agencies
Committee on Appropriations
U.S. House of Representatives

May 8, 1986

* *

Mr. Chairman and members of the sub-committee, good afternoon. My name is BURTON W. PHELPS. I am president of the Society of National Fire Academy Instructors. With this organization, I represent 600 of the finest fire and emergency service instructors in this nation. I am also a Deputy Fire Chief with the Anne Arundel County, Maryland, Fire Department.

The members of the Society of National Fire Academy Instructors is an organization that has members in every State of the Union. Our membership is in direct contact with fire, EMS, and rescue organizations at the State and local level. They have seen first hand the positive influence that the National Fire Academy and U.S. Fire Administration have had on the ability of their local emergency systems to deliver effective and efficient services to the public.

The U.S. Fire Administration

The U.S. Fire Administration (USFA), while never reaching what we had envisioned due to near destruction by the Executive Branch several years ago, nevertheless, has been relatively successful in increasing fire safety awareness in this nation. The USFA has been a research and development operation. They experiment with new ways to do things and then handoff the developed ideas to State and local governments and industry.

The USFA has promoted fire safety awareness programs in cooperation with Governors and local jurisdictions. The USFA was instrumental in the campaign to have this nation understand the life-saving importance of smoke detectors. These effective devices are helping to significantly reduce the loss of life and property due to fire. The USFA is also participating in the Sesame Street project which is designed to teach children to become more fire-safe citizens. In addition, the USFA is working very hard with code administrators and private industry to delineate the value of residential sprinkler systems. This effort, when completed, will produce the single most significant change in American fire protection philosophy since the nation was founded.

The U.S. Fire Administration has been deeply involved in the arson fire problem. The USFA has provided grants to communities to establish pilot arson investigation programs, utilizing police and fire service personnel working in teams; developed the Rural Arson Project to determine the most effective methodolgy of investigating arson in rural America; piloted the Strike Force Project for solving arson crimes that were widespread in the community; and established the Community-based Anti-Arson Group Project that would work at the grass roots level to get the community involved in arson prevention and detection.

The USFA is also involved in attempting to divert the youth of the country from their new found indulgence in arson. The Juvenile Fire-setters Counseling Program was developed and tested at the USFA and has now been handed-off to the National Fire Academy for dissemination on a large scale.

In addition, the USFA has been involved with developing better and more effective fire fighting clothing for the nation's fire fighters. This project, while not yet completed, is starting to provide the American fire figther with state of the art protective clothing.

The National Fire Academy

To say that the National Fire Academy (NFA) is the single most important development that has occurred within the American fire service is an understatement. This Academy has drastically changed the way the fire service does business. In just a few short years, the NFA has been responsible for a transformation that many believed would be impossible. East has met West and South has met North. Instructors and students from all over the United States meeting, discussing, and learning with and from each other has produced a measurable increase in the professional capability of a large segment of the fire service.

"America Burning" stressed the need for increased public awareness and emphasis on fire prevention. The National Fire Academy, through the fire prevention and public education courses is meeting that need. Thousands of fire prevention officers and public education specialists have taken courses that better prepare them to safeguard their citizens at the local level.

In addition, the needs of the fire fighting forces are being met through courses that emphasize better methodologies for command and control. When the prevention efforts fail, our responsibility is to abate the situation with the least amount of life loss or injury, and the lowest amount of property loss. Only through the efforts of the National Fire Academy has the fire service been able to refine the Incident Command System (ICS). Without the NFA most of this Nation's fire departments would not be conversant in the ICS system, let alone use it to more effectively control incident-scene operations.

The NFA's role in training personnel to handle hazardous materials incidents, both from the technical and the control positions can only be applauded. From coast to coast, from large city to small rural community, fire service personnel are learning how to handle America's most dangerous chemicals. The knowledge passed on to NFA students is no doubt saving undue pain and injury to citizens and fire fighters alike.

There is no community or state that can justify the expenditures that would be required to develop courses of the type and quality of those developed at the NFA. There is simply not enough demand from any given State for the types and number of courses that the national perspective says are needed. And, even if costs could be justified in a State, standardization, coordination of effect, course quality, and course improvement would suffer severely.

My fire department in Maryland has been a beneficiary of the effort of these Federal agencies. But, I also believe that the Federal government has benefitted. The U.S. Treasury suffers each time a fire or disaster strikes a community. People lose their jobs, sometimes permanently, and are unable to pay their taxes. Businesses show losses instead of profits, negating some of their tax burden. Workers show casualty losses on their tax returns and reduce their tax liability. Money that would be spent on taxable items is spent on higher insurance premiums and on injuries suffered in fires. Everytime we in the fire service prevent a fire or fire injury; everytime we save a job or reduce a casualty loss; everytime we do our job just a little bit better the Federal government benefits. How many millions of dollars have we prevented from being lost to the Treasury each year? Well, I don't know, but I am sure it is many times the amount of support received from the Federal government.

The entire cost of the Federal fire programs is about $25 million. It is a very minor sum when compared to other Federal initiatives. But, it is crucial to the coordinated effort that must be provided if this Nation is to change its appalling fire loss record. Without Federal government involvement, all that has been gained in the past few years will be lost.

Solar Lobby

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Denis Hayes
Chairman

TESTIMONY OF TINA C. HOBSON

EXECUTIVE DIRECTOR, SOLAR LOBBY

SUBMITTED TO THE

SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES

U. S. HOUSE OF REPRESENTATIVES

May 7, 1986

Mr. Chairman, the Solar Lobby appreciates the opportunity to submit our views on a program that is of critical national significance despite its relatively small size--the Solar Energy & Energy Conservation Bank. We also submit for the hearing record a copy of Special Report: Solar Energy & Energy Conservation Bank, published by the Center for Renewable Resources (CRR). This statement is submitted on behalf of the more than 20,000 members of the Solar Lobby, a nonprofit consumer organization. The Center for Renewable Resources is our educational affiliate.

The Solar Bank's role takes on increasing urgency this year. In the wake of the Chernobyl disaster, America is taking a new look at alternatives to nuclear power. Moreover, the only other significant targeted federal incentive for renewable energy--the renewable energy and conservation tax credits--expired on December 31, 1985.

Even if these credits are extended, the Solar Bank is particularly critical because it is geared to low-income and middle-income homeowners. As Joseph Kennedy II, President of the Citizens Energy Corporation in Massachusetts, said recently, 'The energy crisis for the rich and poor is no more. . . but the plight of the poor and elderly is what government is all about.'

By subsidizing the interest rates for those in this income range wishing to make conservation and solar improvements, the Solar Bank fills a gap in the market between higher income persons using tax credits and lower income people who qualify for other kinds of assistance.

1986, however, may well be the year of decision about whether to encourage the Solar Bank or to let the Administration win its long struggle to eliminate the program against the will of Congress. The Administration has bombarded this program with attempted impoundments, confusing regulations and delays in releasing money, attempts to recapture funds, and failure to publicize the program at the federal level.

We are dismayed that the Administration reportedly is once again trying to 'recapture' Solar Bank funds this year. You will remember that several Members of Congress--including Rep. Stephen Neal and subcommittee member Rep. Bill Green, cities, the Solar Lobby, National Consumer Law Center, low-income consumers and others had to take the Administration to court to prevent impoundment of funds, winning in 1982. Federal Judge Charles Haight ordered the President and five cabinet secretaries to spend the funds in question immediately. When they instead dragged their feet and planned to recapture unspent funds from the states for return to the Treasury on March 1, 1985, we went back to court. Judge Haight ruled that the funds could be recaptured but not returned to the Treasury--they should be redistributed to other states.

We understand that based on arbitrary accounting methods and their interpretation of appropriations language, the Administration will try in September of this year to recapture all unspent funds, returning FY '85 funds (now $1 million) to the Treasury and FY '84 funds (.6 million) to other states.

We would therefore appreciate inclusion of language in the appropriations bill as recommended by Rep. Stephen Neal to require that 'recaptured funds from any state or institution be reallocated to eligible financial institutions.'

We appreciate your subcommittee recommending funding the Solar Bank at $25 million in FY 1986 and were disappointed that the level was reduced to zero in conference. The reasoning behind this decision apparently was the availability of unspent funds; we hope that this year Congress will recognize that the funds were unspent because of the Administration's footdragging in getting the money to the states and a lack of promotion of the program from the federal level. A number of states have very successful Solar Bank programs.

We hope that the Congress will not fail to appropriate funds this year; the consumers should not be penalized for the Administration's opposition to the program. This program has survived because of Congress and now needs congressional backing as never before. The Energy Conservation Coalition--including environmental, consumer, public interest, and church organizations with a combined membership of 16 million--supported legislation (H.R. 1070) introduced by Rep. Stephen Neal at the beginning of this Congress with twenty-four original cosponsors to reauthorize the Solar Bank for six years with several hundred million dollars in appropriations for both solar and conservation programs each year. While it may not be feasible for the subcommittee to meet that goal this year, an appropriation much greater than $25 million would restore confidence in the states that the program will continue.

Most Solar Bank managers find the program quite beneficial according to the 1985 Center for Renewable Resources survey. Responding to the lack of organized public information about the program, the Center surveyed these managers in the states and territories. The results were published in the report attached to this statement.

The state-by-state guide to use of the bank is useful to consumers and decisionmakers. It lists the Solar Bank contact in each state (especially useful because the agencies vary from state to state), types of assistance available (loans and/or grants), eligibility requirements, availability for solar and/or conservation improvements, maximum assistance, and dollars spent and available in each state as of the survey date.

In addition to obtaining these useful facts, the CRR contacts with managers revealed good information on the effectiveness of the program. Despite the fact that the Solar Bank is just one program among a number of programs that most managers must oversee, a majority of the managers believe that continuation of the program is vital to their states for the following reasons:

o The financial assistance offered by the Bank is the only such help for which many applicants can qualify. The low- and middle-income families to whom this unique opportunity is extended would be hard-pressed to stay afloat financially in the face of skyrocketing energy bills. Some state contacts even suggested that discontinuation of the Bank would force a number of program participants onto welfare.

o Others have reported that the installation of conservation measures in secondary buildings and public housing projects would be drastically curtailed, affecting large numbers of people and wasting large amounts of energy.

o The impact on employment of a low-visibility program like the Solar Bank is difficult to determine. However, state Bank managers believe that many energy audit companies, weatherization contractors, and solar contractors will go out of business if the Bank is abolished. In several key states, the program has been innovatively used to employ low-income individuals for the installation of conservation measures. These employees will almost certainly lose their jobs if the Bank is discontinued.

o In addition, dwindling funding possibilities will put a real pinch on not-for-profit businesses and community development organizations. The consensus of most active states is that the program has generated substantial multiplier effects. For example, in one state large amounts of money have been leveraged into the energy conservation field through not-for-profit organizations.

We have received a very enthusiastic public response to this report and are encouraged that in addition to efforts by a number of states to publicize the program, we are receiving increasing numbers of press clips showing national publicity. Attached, for example, is a copy of an article in Better Homes and Gardens that has been reprinted in many newspapers around the country. If the program is cut back, what reason can we give consumers responding to our publication and to such articles?

Mr. Chairman, the Solar Energy and Energy Conservation Bank is a small but important part of the national drive to achieve energy independence. Although we are now experiencing an oil glut, experts predict a new crisis in the mid-1990s; moreover, America is seeking alternatives to future reliance on nuclear power. Allowing the Bank to die would prolong America's vulnerability to the inevitable energy crisis. It would be tantamount to giving the public a false signal that our energy worries are over.

Reaffirming congressional commitment to the Bank will give an important boost to energy efficiency and safe energy sources while bringing abundant economic benefits to communities and needed relief to many hard-working families. Thank you for your consideration of these views.

TRIBAL COUNCIL
Organized April 18, 1918
(Revised Constitution and By-Laws, January 6, 1959)
RED LAKE BAND of CHIPPEWA INDIANS
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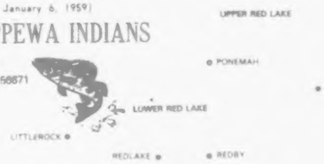


INDIAN HOUSING

Testimony By

Roger A. Jourdain, Chairman

Red Lake Band of Chippewa Indians

Submitted for the Record of the

House Appropriations Sub-Committee For

HUD Independent Agencies

May 6, 1986

— RED LAKE ENTERPRISES —
Red Lake Indian Sawmills (72 Years) / Red Lake Cedar Fence Plant / Chippewa Arts & Craft Shop
Red Lake Housing Industry / Red Lake Fishing Industry (58 Years) / Home of the Famous Red Lake Walleyes

Mr. Chairman and members of the House Appropriations Sub-Committee for HUD Independent Agencies. We are honored to have this opportunity to represent the Red Lake Band of Chippewa Indians and the National American Indian Housing Council before your committee. The testimony we present today on Indian Housing is on behalf of Indian families and especially homeless Indian children throughout this nation.

Since the Indian Housing Program within the Department of Housing and Urban Development (HUD) was initiated in 1961, more than 52,000 family units have been constructed in Indian Country that would not be there today without the HUD Indian Housing Program. The result of these units has been to provide thousands of Indian children & families the opportunity to enjoy an upbringing in an atmosphere that is within the framework of the American way which is to strive to improve the standard of living for every American, whether Indian or non-Indian. The success of the program to date has been phenomenal towards achieving this end of opportunity for those families and children lucky enough to have been selected for a "HUD" home. The program has likewise provided tremendous hope for those disadvantaged Indian families and children that have not been selected, but remain hopeful that their turn will come to participate in the "HUD Indian Housing Program". These hopes and opportunities, which have been provided so successfully for so many families are earmarked for extinction, if the present administration and HUD are successful in their desire to eliminate new development for assisted housing and to recapture funding for thousands of units authorized by Congress but not yet constructed.

In the arena of fiscal control, Gramm-Rudman-Hollings and deficit reduction, there are several programs which warrant consideration beyond across-the-board cuts because of the tremendous service that the program offers in the way of healthy living conditions, self esteem, pride, hope and opportunity to a disadvantaged people. The Indian Housing Program in HUD is such a program. There has been a recommendation from HUD to suspend the development of new Indian Housing as well as to recapture funding for those older projects in the pipeline that are not yet under construction. Such a suspension and recapture would be devastating to the program that has come so far and done so much for Indian people, and even more devastating to the hopes of disadvantaged Indian families and children across the nation.

It is argued that the suspension and recapture would only be a temporary setback for a five year period and when fiscal control is established the program would resume. Such an argument is irrational and self serving without any consideration for the families and children that will be irreparably damaged by such an action. The choice is not to provide a program to either serve those in need now or to serve those in need five years down the road. The need is now and in five years and the decision must be in fill that need now and in five years and as long as the need is there if necessary. To apply the "now or later" logic would be equivalent to applying the same logic in a military situation as follows:

> Military Paramedics come upon their wounded soldiers on a battlefield but because they have limited funds for supplies and they know there will always be a need to serve wounded soldiers down the road, they choose to pass by the current wounded in favor of the future wounded. The sufferings of the current wounded are no less than the sufferings of the future wounded, and as it should be with Indian Housing, the choice is not either/or, but both. It is not the American way to play the suffering of one against the suffering of another, but rather to provide equally to both.

Presently within HUD and the administration there is a movement away from new development for assisted housing programs and towards a voucher system to provide shelter to those in need. As shown in Exhibit A (attached) a voucher system assumes an existing stock of units available from which families may rent and utilize the voucher subsidy. In Indian Country there is literally no housing stock available. A voucher system, if applied also to Indian Housing, would effectively terminate the program from assisting the country's most needy citizens, Indian families and children. The public Housing Program has been assisting Non- Indians for nearly 35 years longer that it has provided assistance to Indians. This has resulted in an Indian Housing Program that has never been able to come close to meeting the need for current housing units, much the less to provide a stock from which a voucher system could be applied. In light of the need and lack of supply. it is unconscionable for HUD and the administration to propose to terminate new development for the Indian Housing Program and further to allow the recapture of funding for units appropriated in the past but not yet constructed. The direction instead must be recognition and acknowledgement of the unique situation with Indian Housing and to respond with a continued development program and legislation to allow recaptured funds to be redistributed for construction of the desparately needed units in Indian Country.

Under current law, recaptured funds are returned to the treasury and thereby forever lost to the Indian Housing Program and to the original intent of providing homes to needy people.

Since the establishment in 1980 of Regional Offices of Indian Programs, Housing Authorities have made tremendous strides in the area of improved management, reduced construction costs and serving the needs of homeless Indian families. All the accomplishments were spurred on by the hope that through documented improvements in these areas, new development projects would be forth coming. The vast majority of Housing Authorities have accomplished improvement goals and are now in line for development projects. Some, however, have had problems in moving development projects into a construction stage, and these pipeline units are now subject to recapture, which will result in penalizing the majority through no fault of there own. The result should not be such a penalty but rather a reward of units redistributed from the stalled pipeline. This would give those Housing Authorities with problems in moving projects to construction the time to resolve problems and qualify for future projects. Those of us who work with the Indian Housing Program on a daily basis, recognize that the need for housing far outreachs the supply and therefore cannot understand the desire by some to recapture funding without redistribution for Indian Housing. In light of this, it is interesting to note that the $100,000,000 sought by the administration for aid to the Contras of Nicaragua would fund the 2,000 units appropriated for Indian Housing by Congress for FY'86. In 1983, Secretary Pierce established his Secretary's Committee on Indian and Alaska Native Programs to assure Indian input in changes to the HUD Indian Housing Program. The committee, composed of tribal and housing authority representatives from across the nation, has been very successful in its intent. Unfortunately, the committee cannot address legislative changes that are needed to compliment the directions pursued by the committee in steering the HUD Indian Housing Program into the most effective and efficient direction. When the Indian Housing Program was authorized in the early 1960's, the program set down was a theory based on the successes and shortcomings of the Public Housing Program. Since those early days, those who have followed the program realize that there are unique differences that are not being addressed by the Indian Housing Program as it is now written. The program has unquestionably fulfilled a tremendous housing need, but the road to accomplishment has had rough spots, which if eliminated would fine tune the program.

The areas needing adjustment to accomplish a workable product are largely beyond the scope of this testimony, but one area of critical concern is the 30% rule for rent payments. The rule is extremely hard on families with incomes only half that of the recognized poverty level, yet 30% of their meager income must go to support a dwelling, which in many cases results in binding the family to a poverty situation. A possible solution is to increase individual deductions for family members such that the family has an income to live on prior to committing 30% rent.

In light of the testimony presented here today and especially the impact that recent developments in the Indian Housing Programs have on the lives and upbringing of Indian people, we request that Congressional hearings be held on the issue of Indian Housing. Hearings would provide Congress with the information needed in order to make informed legistative decisions concerning Indian Housing. In addition, the established commitment to seek Indian input on issues affecting Indian people would be fulfilled in the interest of Self-Determination.

In summary, we feel that there is a need for continued new development for the Indian Housing Program, recaptured funds from pipeline projects must be redistributed to Indian Country, that the HUD Indian Housing Program works but needs adjustments to account for unique differences in Indian Housing vs Public Housing, and that the above issues could best be understood by all through Congressional hearings.

Exhibit A

THE REUSE OF INDIAN HOUSING PROGRAM RECAPTURED FUNDS

March 10, 1986

In recognition of the tremendous need for housing in Indian Country, Tribes and Indian Housing Authorities have been trying for several years to get legislation that would allow reuse of recaptured Indian Housing Program funds. Since reuse of recaptured funds would have an immediate impact on the severe housing shortage in Indian Country, it is urgent that all possible efforts be utilized to impress upon Congress that legislation is needed now to provide for reuse of the recaptured funds. Reuse would solve two significant problems facing the Indian Housing Program, those being a stalled pipeline and homes for Indian Families.

Currently, the argument that surfaces most frequently concerning reuse for Indian Programs is: Why should Indian Programs have reuse and not Public Housing? This summary is directed toward the answer to that question, which is very clear to those within the Indian Housing Program but has not been clearly conveyed to Congress.

PUBLIC HOUSING	INDIAN HOUSING
No new development programs for low income families. Need is to be met by use of a voucher program to utilize existing housing stock. (reference: HR 3038 & Senate report 99-129)	No existing housing stock in Indian Country. Voucher program would force Indian families off reservations and into cities where available housing stock is located.
Program began in 1937 and has provided hundreds of thousands of housing units and assistance for nearly 50 years.	Program authorized for Indians in 1961 with very few Tribes getting involved until the late 1960's, with 50,000+ units provided over approximately 20 years.
Alternative housing opportunities are available, regardless of condition or cost to purchase or rent. (reference: St. Paul Pioneer Press & Dispatch, 3-9-86, or Want Ads from any city paper)	NO alternative housing available of any kind. Structures including churches, schools and otherwise condemned buildings are used to shelter Indian families. (reference: Indian Housing, Worst in Nation, published by the Native American Rights Fund of Boulder, Colorado)

PUBLIC HOUSING	INDIAN HOUSING
Employment opportunities are available which provide avenues towards non-dependence on assisted housing programs.	NO employment opportunities are available. Poverty levels in American Indian populations are higher in every case than in non- Indian populations. (reference: Housing Assistance Council report of September, 1985, and Taking Stock, 1984)
Unmet housing need left by recaptured pipeline project funds can be absorbed by existing housing stock and the voucher program.	Unmet housing need left by recaptured pipeline project funds cannot be absorbed as there are no housing units available with which to utilize the voucher program in Indian Country.
Construction of Assisted Housing units from the pipeline is contracted to construction companies that have the opportunity to bid work elsewhere.	Tribes and Indian Housing Housing Authorities utilize local employment to construct housing projects and do not have the opportunity to complete for non-Indian work to employ local workers.
Alternatives to current Assisted Housing Programs are being proposed by HUD.	Alternatives to the current Assisted Housing Program that HUD proposes do not address the unique problems of the Indian Housing need, specifically the voucher program. (reference: Housing and Development Reporter. 1-27-86, pg. 695, Housing Policy.
Organizations critical of the Assisted Housing Program and seeking its termination, support the retention of the voucher system as the government program for Public Housing Assistance. (reference: Housing and Development Reporter, 1-27-86, pg. 688, Federal Budget - Heritage Foundation)	Organizations critical of the Assisted Housing Program do not consider the plight of the Indian families in the event of termination of assisted housing, leaving only the voucher program. Indian families, documented as the very neediest for assisted housing, would be eliminated from the Federal Assisted Housing Program.

The bottom line in the fight by Indian Tribes to retain and construct the pipeline units is that Public Housing in non-Indian areas can, and will be in future, addressed by alternative methods, which diminishes the need for new development. In Indian Country, the housing need is not and cannot be met either now nor in the future by the same methods as are proposed for Public Housing Assistance. Housing assistance for Indians requires new construction both from the reuse of pipeline funds and through appropriations for new units.

The underlying factor for success of a voucher delivery system for assisted housing is the availability of an existing housing stock. This availability is not now, nor will it be available in the future in Indian Country. With that in mind, the alternative is new development, as well as the reuse of recaptured pipeline funds, as the Assisted Housing Program that will work in Indian Country. Indian Housing Authorities have proven their ability to move projects through the pipeline very effectively in the past 18 months. What is requested now is the opportunity to get the units out of the pipeline and thereby to house needy Indian families where ever they may be.

HOUSING AND URBAN DEVELOPMENT

National Association of Private Residential Facilities for the Mentally Retarded

8400H Seven Corners Place,
Falls Church, Virginia 22044

Area Code 703 / 536-3311

STATEMENT

RESPECTFULLY SUBMITTED FOR THE RECORD

TO THE

HOUSE APPROPRIATIONS

SUBCOMMITTEE ON HUD - INDEPENDENT AGENCIES

ON

FY 1987 APPROPRIATIONS

FOR THE

HUD SECTION 202 LOAN PROGRAM, CONGREGATE HOUSING SERVICES,

AND THE SECTION 8 RENT ASSISTANCE PROGRAM

May 7, 1986

SUMMARY OF NAPRFMR RECOMMENDATIONS

NAPRFMR respectfully submits the following recommendations to the Subcommittee on HUD - Independent Agencies of the House Committee on Appropriations:

- An appropriation for the HUD Section 202 Direct Loan program of $656.9 million to maintain the fiscal 1986 level of appropriations, plus an inflation factor, for housing developed for people who are disabled and elderly.
- Rejection of the Administration's plan to defer all Section 202 funding for new housing projects for this fiscal year.
- Support for significant cost-saving administrative changes in the Section 202 program that will separate standards and procedures for developing small group living arrangements from those used for large housing projects.
- Rejection of the Administration's proposal that rural housing programs currently administered by the Farmers Home Administration be maintained by HUD in future years.
- Sufficient appropriations in the Section 8 Housing Assistance Payments program in FY 1987 to cover loans made in connection with the Section 202 Loan program, and to continue funding rental assistance payments in both urban and rural areas at 1986 levels, with a 4.1% increase to cover the costs of inflation.
- Rejection of the Administration's proposal that the Section 8 program be converted to a system of vouchers.
- An appropriation of $4.27 million for the Congregate Housing Services program in FY 1987 to return it to its 1985 purchasing level.
- An appropriation of $3.25 billion for the Community Development Block Grant program in FY 1987, which would continue the program at FY 1986 funding levels, including a modest increase for inflation.

INTRODUCTION

The National Association of Private Residential Facilities for the Mentally Retarded currently represents more than 550 agencies that together provide residential services in 48 states to more than 20,000 people with developmental disabilities. Our members offer a full range of residential services in alternative settings that enhance the development and self-dependence of their clients. Many have successfully utilized Section 8 housing assistance payments and the Section 202 Direct Loan program to develop community based housing for people with disabilities. A few have been fortunate enough to acquire Congregate Housing Services funding to provide necessary support services for some of their clients who live in Section 202 housing.

People who are disabled often confront more severe difficulties in acquiring adequate living arrangements than those who are not disabled. Many require the availability of services associated with the housing to avoid being institutionalized in more costly settings. For some this means the availability of live-in staff. People who have physical disabilities may require barrier-free accommodations that can be provided only with the development of new housing or the addition of structural modifications in existing housing. Together these necessitate the availability of more funds than are needed by other citizens, but people with disabilities generally have fewer resources available than the average person.

There is no current, reliable data available about the numbers of persons with disabilities who need housing assistance. Most NAPRFMR members have long waiting lists of persons seeking entry into their programs. Most on those waiting lists are unserved in the community. Many live with aging parents who will soon be unable to provide them with the support needed to remain in the community. If community housing is not available, these persons will be forced to live in more costly institutional settings that limit their developmental potential and which are also dependent upon federal financial assistance.

In addition to those living in the community who are seeking residential services, there are thousands still living in more restrictive institutional settings who need community housing which will enhance their development. For most, community placements are not only more appropriate but less costly. Many are involved in court ordered deinstitutionalization decrees. The need at this time is tremendous and growing.

SECTION 202 DIRECT LOAN PROGRAM

The Section 202 Direct Loan program and two of the Farmers Home Administration (FmHA) loan programs currently provide the only capital funding available to some agencies that serve people who are developmentally disabled. Each year the number of nonprofit organizations that apply for Section 202 loans far exceeds the number that receive fund reservations. The percentage of applications to develop housing for people with disabilities has also increased annually, and this results in a decrease in the percentage of approved fund reservations for our population. In rural areas, the demand for loans under the FmHA Section 515 and Community Facilities program has also exceeded the availability of funds. Our members' waiting lists are growing, and the potential future demand is even greater as those who have been able to remain at home with federally supported education programs outgrow that funding system. Yet the funding that is available through the 202 program continues to be squandered through the application of standards and procedures designed for large projects for people who are aging that are costly and inappropriate when used for small community based housing projects.

NAPRFMR and other members of the Consortium for Citizens with Developmental Disabilities (CCDD) have worked through the authorizing process to obtain statutory changes in the 202 program for housing developed to serve 15 or fewer persons. Although helpful legislation has been introduced in the House, it has not yet passed. Statutory change is not necessary, however, for HUD to develop standards and processing procedures that will be more suited to small housing projects. For example, soil borings are not necessary for family-like homes, nor are wide sidewalks that are incompatible with those in the rest of the neighborhood. Handicapped parking spaces designated by signs are also inappropriate in residential settings and add unnecessarily to the cost of housing developed by agencies that are attuned to the needs of people with disabilities. Many of the procedures for processing a small project from approval of the fund reservation to final closing are inappropriate and unnecessary for family-like housing and create interminable and costly delays. To provide some more specific examples: a NAPRFMR member recently spent $16,500 for some unnecessary surveys and soil borings. The surveys included a topographical survey not generally required for single family housing, and soil borings that are seldom required for one- or two-story housing unless there is a history of problems with the site (such as land fill or swampy land) and in such cases they are not as extensive as those required for large highrise buildings. In this case, the second two soil borings were necessitated by processing delays and cost $7,500. Procedures designed to prevent a potential abuse when land is purchased from the project builder have also recently resulted in tens of thousands of dollars in added cost to another of our members when a waiver was unavailable, and evidence that the cost of the land was still far below that of other available properties was ignored. These are problems that could and should be avoided so that available 202 dollars can be spent in a cost effective manner. We would like this Subcommittee to instruct HUD to eliminate these unnecessary expenditures which are designed primarily for large highrise projects. Our members who qualify for conventional mortgages can develop excellent housing that is less costly in a far shorter period of time. The added costs to develop small HUD-supported housing is inexcusable and should be corrected as soon as possible.

Ironically, problems that occur in the HUD program do not surface to the same degree in rural projects funded by FmHA, which the Administration proposes to give to HUD to manage. NAPRFMR opposes termination of FmHA housing programs. People with disabilities who live in rural areas have an even more difficult time than those in suburban or urban areas in acquiring adequate housing; and FmHA has a more successful record in dealing with people at a local level and processing projects more efficiently. If the HUD and FmHA housing programs were consolidated, there would be a reduction of more than 50% in the amount of funding available to construct or rehabilitate congregate housing in urban and rural areas.

NAPRFMR is encouraged by action in both Houses to overturn the President's plans to defer HUD Section 202 spending this year, and by the Senate Budget Committee's action to protect funding for federal housing programs in FY 1987. However, we do not believe that the Committee budget provides sufficient funding for housing for low-income Americans, including those who are disabled or elderly, for FY 1987.

NAPRFMR is seeking an appropriation level of $656.9 million for the HUD Section 202 program in FY 1987, which would provide funding for the same number of units approved for FY 1986. The Association also strongly urges the Appropriations Subcommittee to instruct HUD to develop separate standards and processing procedures for the development of small, family-like living arrangements under the Section 202 program. We also urge continued rejection of the Administration proposal to transfer responsibility for the development of all rural housing from FmHA to HUD; and we seek immediate action to overturn the deferral of 202 funds appropriated for FY 1986.

SECTION 8 HOUSING ASSISTANCE PAYMENTS

Section 8 housing assistance payments support not only people who live in housing constructed through the Section 202 Loan program, but many people who are able to live relatively independently in rental housing available in the local community depend upon Section 8 certificates to supplement their rent. Most, if not all of these people would be in more restrictive and more expensive living arrangements — generally funded through other public resources — were the rent certificates not available. The Section 8 program is a cost-effective way of enabling low-income persons who are disabled and who require supportive services to remain in the community.

For several years Congress has rejected the Administration's proposal to convert Section 8 to an unproven voucher program. The voucher system fails to address both of the major purposes of the Section 8 program — the provision of adequate housing to low-income Americans, and stimulation of the housing industry by supporting the development of such housing. HUD minimum property standards would not apply under the voucher program and this would result in the use of federal funds in unsafe, unsanitary and inadequate housing. The use of vouchers would also eliminate the incentive provided in the Section 8 program for developers to create housing for low-income families and individuals that indirectly supports the housing industry. The ultimate result will be further deterioration of the already inadequate stock of housing for low-income persons, and an increase in the numbers of homeless individuals, a growing number of whom are disabled.

NAPRFMR recommends that Congress continue to reject the Administration's efforts to convert the Section 8 program to a voucher system; and that sufficient funds be appropriated in FY 1987 to, at minimum, cover loans made in connection with the 202 Loan program and to continue funding rental assistance payments in both urban and rural areas at 1986 levels, with a 4.1% increase in the appropriation level to cover the cost of inflation.

CONGREGATE HOUSING SERVICES

As people with more severe levels of disability move into the community, there is a growing need for more in-house services. Federal, state and local sources of assistance for support services have declined over the past five years. Services such as meals, transportation, personal care and housekeeping assistance enable people with disabilities to remain relatively self-dependent and avoid their institutionalization in more costly settings. Support services are essential to keep most specialized congregate housing programs viable. The Congregate Housing Services program has assured that necessary services would be available to tenants of select Section 202 and public housing projects.

Appropriations made in 1980 were originally viewed as start-up funds, but additional appropriations have not been forthcoming, despite the success of the program. In 1985 the Congregate Housing Services program was cut from $10 million to $4.1 million. The FY 1986 appropriations level is only $2.67 million, and this was reduced still further to $2.56 million through sequestration. As a result, people who have received these services are at risk of having to move to more restrictive settings which will place an even greater demand on federal funds.

NAPRFMR recommends that appropriations for the Congregate Housing Services program be returned to the 1985 purchasing level of $4.27 million.

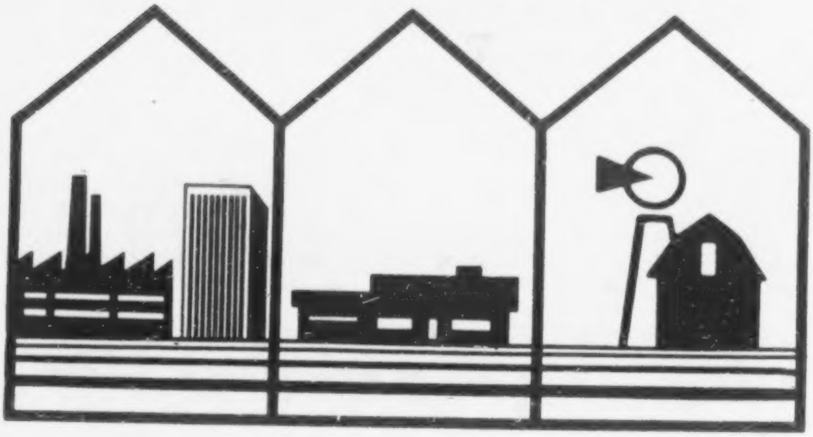
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The private sector has utilized funding provided to local communities through the HUD Community Development Block Grant program to acquire and rehabilitate buildings used as apartments and congregate living arrangements for people who are developmentally disabled. These funds have also been used for sheltered workshops and day activity centers that provide day programming for people living in residences managed by NAPRFMR members. It is important to recognize that many of the people served by day programs continue to live at home with their families. Without these daytime resources, many families could not cope with the stress of having a person who is disabled remain at home. The development of facilities that provide day services is an important factor in preventing more costly 24-hour care.

The Administration has proposed what amounts to a one-third reduction in the CDBG program for FY 1987, drastically reducing the resources local governments have used to spur revitalization, economic development and service delivery. If this is done, another important resource for developing facilities for people with disabilities will be significantly reduced when funding from other sources is also being curtailed.

NAPRFMR recommends that an appropriation of $3.25 billion be approved for the Community Development Block Grant program in FY 1987. This would continue the program at FY 1986 funding levels, with a 4.1% increase for inflation.

HOUSING AND URBAN DEVELOPMENT



Statement of the

NATIONAL ASSOCIATION OF REALTORS®

THE WORLD'S LARGEST TRADE ASSOCIATION

TO: HUD-INDEPENDENT AGENCIES SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE

ON: FY1987 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
BUDGET PROPOSALS

BY: CLARK E. WALLACE, PRESIDENT

DATE: MAY 7, 1986

TESTIMONY
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
HUD-INDEPENDENT AGENCIES SUBCOMMITTEE
BY
CLARK E. WALLACE
PRESIDENT
MAY 7, 1986

INTRODUCTION

Mr. Chairman, my name is Clark E. Wallace. I am a REALTOR® from Moraga, California and the President of the NATIONAL ASSOCIATION OF REALTORS®. On behalf of the more than 700,000 members of our ASSOCIATION, I want to thank you and the members of your subcommittee for the opportunity to present our views on housing appropriations legislation.

FEDERAL HOUSING AND SECONDARY MORTGAGE MARKET PROGRAMS

As you may know, Mr. Chairman, the NATIONAL ASSOCIATION OF REALTORS® represents real estate professionals whose business activities depend upon the availability of an affordable supply of mortgage capital. Although the majority of loans originated take place on a conventional basis, federal insuring and guaranteeing housing program loans, FHA and VA, comprise approximately 20 to 30 percent of the mortgage market, and thus, are an important financing tool for low- and moderate-income families.

We continue to be concerned about the number of proposals which have been advanced which would weaken the ability of FHA and VA, as well as the secondary mortgage market entities, to provide alternative financing for those who would otherwise be unable to secure conventional financing. At our January Mid-Winter Business Meetings, our Board of Directors adopted a strong position in opposition to any proposals which would weaken or privatize federal housing programs.

• "User Fees"

As such, we strongly oppose the Administration's proposal to increase or impose so-called "user fees" on FHA, VA, Fannie Mae, Ginnie Mae, and Freddie Mac. We see the proposal to increase or impose these "user fees" on housing credit programs as a tax on the homebuying public--particularly those of low and moderate income.

• FHA Privatization

The Administration is proposing to sell to the private sector many existing programs as part of its budget package for 1987. FHA is one of the programs chosen for sale. The Administration's proposal is based on the following:

1. It is necessary to shrink the size of government by eliminating those programs which do not need government involvement.

2. There are programs which can be more efficiently operated by the private sector.

3. Selling government programs will generate funds for the federal government, thus reducing the federal deficit.

We have many questions in response to the Administration's rationale for selling FHA. Key is whether essentials like food, medical care and shelter should ever really be abandoned by the government, and whether private resources can truly be an adequate substitute for certain programs like FHA.

We understand that HUD staff is to complete a study this year on the manner in which FHA is to be privatized--that is, "how" to do it, not "whether" to do it. We understand that HUD intends to solicit the comments and concerns of those segments of the housing industry involved in the program, such as REALTORS® who initiate the majority of loans processed through FHA. We think that this is an essential step in the process of determining the future of FHA, and we encourage this effort.

We want to be assured that a newly-privatized FHA will continue the current policies necessary for assuring that low- and moderate-income homebuyers are served.

We also hope that any dialogue will consider the effect that the sale of FHA assets and liabilities will have on existing Ginnie Mae mortgage-backed securities. Many people who have invested in "Ginnie Maes" need to be assured that the government will protect their investment.

The Administration plans to sell FHA for $3 billion. FHA's major asset is its defaulted properties. It is conceivable that the "book value" of these properties may not be realized and, therefore, the net worth of FHA may not near the $3 billion figure. In addition, FHA's existing treasury borrowings would be liquidated with available FHA assets, and it is a matter of conjecture what FHA's net worth would be at that point.

Based on these concerns, Mr. Chairman, we must oppose the Administration's proposal to sell FHA to the private sector.

- Other Budget Proposals

Although the Administration's privatization proposal for FHA has not been focused upon by the appropriate Congressional bodies, we continue to see the Administration "chip away" at FHA through its other budget proposals.

The Administration's proposal to eliminate the current provisions in law allowing financing of the upfront mortgage insurance premium (MIP) and closing costs as part of the mortgage, would dramatically increase the amount of upfront costs that low- and moderate-income families would need to purchase an existing or new home. Along with the proposed increase in the MIP from the current 3.8 percent to 5 percent, data we have reviewed indicate that the amount of cash the average FHA buyer (loan amount of $59,500) would need at settlement could exceed $8,000, an increase of 50 percent from the current average cash at settlement of less than $4,000.

We also want to ensure that FHA continues to be available to all segments of the homebuying public, and, therefore, the proposal to establish a gross income limitation of 40,000 on FHA borrowers runs counter to this philosophy. According to the Department of Housing and Urban Development, the proposal to establish a gross income limitation of $40,000 on FHA borrowers is estimated to eliminate over one-third of the program's participants.

The Adminstration also proposes increasing the current 1 percent VA home loan guarantee fee to 3.8 percent, which we understand, will increase the amount of fees required of the veteran from about $625 to over $2,380 based on a loan amount of $62,000. While we are mindful of the need to improve the financial stability of the VA loan guarantee revolving fund, Mr. Chairman, we believe that the increased loan guarantee fee will likely jeopardize the future participation of many veterans in this program. Veterans who are financially able may pursue other conventional loan alternatives. However, those veterans without the financial means to afford the increased loan guaranty fee will be forced to forego the possibility of homeownership--a benefit they were guaranteed as part of their service on behalf of this country.

Furthermore, Mr. Chairman, we believe, and have previously testified in favor of other changes that the Veterans Administration's Loan Guaranty Program can make to reduce the threat of foreclosures and resulting VA inventoried properties which put a strain on the revolving fund. In brief, we have recommended that the VA tighten its underwriting standards, alter its default and foreclosure procedures, and increase its efforts to market and sell its inventoried properties. With regard to the latter suggestion, the NATIONAL ASSOCIATION OF REALTORS® has been participating with VA and FHA to assist its field offices to market and dispose of their foreclosed properties. Many of the changes we have referred to are pending in S. 1887, a bill fashioned by the Senate Veterans Affairs Committee.

Finally, the Administration's 1987 budget proposals include imposition of or change in fees on the secondary mortgage market entities, Fannie Mae, Freddie Mac, and Ginnie Mae. The net effect of these "taxes," because that is exactly what they are, will be to increase the cost of homebuying, likely as much as a 50 basis points increase in the mortgage rate, as well as an increase in the number of points required at closing.

Mr. Chairman, as we said in our February letter to the Chairmen of the Senate and House Banking Committees, it is time that the appropriate Congressional committees debate the issue of government housing policy, as opposed to dealing with it on a "piecemeal basis." That is what Congress and the Administration have done for the past two to three years with various budget proposals which, by their substance, amend, without Congressional debate, the role of the government in housing. We are willing to participate in that broad debate, and believe that it will provide the proper forum for this issue.

FHA AND GNMA CREDIT AUTHORITY

As you know, mortgage interest rates are currently at the lowest level they have been in six years, and this has caused a record number of home purchases and mortgage refinancings. These unprecedented demands for housing credit had exhausted the GNMA credit authority and are already raising serious concerns about the sufficiency of the FHA insuring authority level.

• GNMA Credit Authority

On Friday, April 4, Ginnie Mae exhausted its $65.3 billion guarantee level and was no longer able to guarantee the timely payment of principal and interest to investors of securities backed by FHA, VA, and FmHA mortgages. We were very concerned about the impact that this situation would have on the mortgage market, particularly as we saw FHA's insuring authority being depleted. We urged Congress to act quickly to increase the guarantee authority of GNMA, because the lack of adequate guarantee authority would ultimately mean an increase in mortgage rates.

We applaud you, Mr. Chairman, and your Subcommittee for taking prompt action to increase GNMA's guarantee authority, by adopting H.R. 4602, which increases GNMA's authority to $126 billion. We were pleased to hear that the President signed the bill on May second.

• FHA Credit Authority

As you know, FHA also depleted its insuring authority on April 29. While we were pleased to see that H.R. 4602 increases FHA's insuring authority, we are disappointed that the bill only increases FHA's insuring authority to $74 billion, just enough to last, we are told, until June 6th. As has been done with FHA's general operating authority, we are very concerned about the market impact of dealing with an important federal housing program like FHA by giving it only temporary "reprieves".

We strongly urge Congress to deal with FHA on a permanent basis by extending its operating authority for the remainder of the fiscal year, and by providing an insuring authority sufficient to handle the loan volume for the remainder of the fiscal year. We believe that it is confusing and counter-productive to the housing market to continually leave the fate of FHA housing programs "up in the air." Every sector of the housing industry suffers under these conditions, but the most important segment, homebuyers, suffer the most.

For your information, an economic analysis of the national and regional impacts of the depletion of FHA's insurance authority is outlined in the ADDENDUM attached to our testimony.

FY 1987 CREDIT AUTHORITY

• FHA

We also want to mention the issue of FHA's insurance authority for FY1987. The Administration has requested lowering the FHA insuring authority to $50.9 billion for FY1987. As we can see from the healthy activity this year, FHA's authority should be adequately increased to assure a stable market. We stress the fact that increasing the authority of FHA to insure residential mortgages creates a positive "ripple effect" on the entire economy and does not add to the deficit problem.

- GNMA

The Subcommittee also needs to consider GNMA's guarantee authority for next fiscal year. As you know, the Administration has recommended $68.25 billion for FY1987. It will be important for this Subcommittee to provide a greater authority level. Because of the soundness of the GNMA program and the surpluses it realizes, it does no damage to the goals of Gramm/Rudman/Hollings. In fact, it eases the pressure on deficit financing.

CONCLUSION

Thank you for providing me this opportunity to present the views of the NATIONAL ASSOCIATION OF REALTORS®. At this time, I will be pleased to answer any questions.

ADDENDUM

ANALYSIS OF THE GNP IMPACT OF THE LOSS OF FHA INSURANCE AUTHORITY ON THE SALE OF NEW AND EXISTING HOMES AND REFINANCES

This analysis estimates the number of homebuyers who would not buy new and existing homes if FHA-insurance authority were to expire by the end of May 1986. The basis of the analysis methodology is to estimate, based on FHA data for the five months of FY86, the demand for the number of insured loans in FY86.

In a cut-off of FHA loan underwriting authority, many FHA borrowers would not be able to qualify for conventional financing; new home sales and resales to these borrowers would not take place. As a consequence, the lack of income generated from these potential transactions represents a loss of GNP to the economy as a whole. The regional impact of this loss can be determined based on the number of FHA financed new homes and existing homes that would have been insured in each region. (SEE TABLE 1, PAGE f)

a. Recent FHA Insured Cases

In FY85, the FHA single-family programs (virtually all through Section 203(b)) insured approximately 441,380 cases based on field office reports (SEE TABLE 2, PAGE j). From October 1984 through February 1985, 144,895 cases were insured. This figure represents 32.83 percent of the years total. Current figures for FY86 (through February 1986) indicate that 297,541 cases have been insured. Assuming this figure will represent the same percentage of all FY86 cases, the total caseload demand for FHA in FY1986 can be estimated at approximately 906,371 cases.

Currently, it is estimated that FHA will run out of insuring authority by the end of May. Based on FY85 experience, insured cases from the period June through September accounted for 40.5 percent of total single-family FHA loans insured. Applying this figure to our estimate for FY86 insurance demand suggests that 367,080 possible FHA cases could be affected by the cut-off of FHA authority. Clearly, some of these cases will switch to conventional financing and, hence, will not ultimately be affected by the loss of FHA authority. However, many other FHA borrowers will not be able to purchase their homes at all because the conventional market will not provide financing.

b. Estimate of FHA Fallout

The recent tightening of conventional underwriting, formally implemented by FNMA last October, suggests that FHA borrowers with loan-to-value ratios (LTVs) of 90 percent or higher would be the most adversely affected group. Consequently, those who have to use FHA to borrow at LTVs of 90 percent or above would probably be unable to secure conventional financing. Recent FHA reports for the third quarter of 1985 indicate that Section 203 (b) LTVs of 90 percent or above account for approximately 58 percent of FHA cases, and account for an even higher percentage for the other programs such as Sections 221, 223, 244, 265 and 270. We will assume that approximately 60 percent of Section 203 (b) FHA cases would be lost and unable to find conventional financing. (The NATIONAL ASSOCIATION OF REALTORS'® Residential Mortgage Finance Panel also indicates that 60 percent of FHA loans in 1985 had LTVs of 90 percent or higher).

c. Estimate of New and Existing FHA Cases

FHA data and staff estimates suggest that approximately 15 percent of current (and 1985) insured cases are new construction, with 85 percent representing existing housing cases. This figure will be used to determine the number of new homes which will not be sold if FHA insurance authority is cut off.

d. Estimate of Refinancing Percent on Existing Homes

The most recent figures for refinancing indicate that for March 1986, 30 percent of existing loans are for refinances (SEE TABLE 3 PAGE k). For FY86, the average of the first 6 months is about 19.5 percent. For FY85, refinances averaged 13.4 percent. Clearly, FY86 is seeing a considerably higher volume of refinances than FY85. A figure of 25 percent will be assumed to be the average for the remainder of FY86, primarily because loan backlogs will probably not allow the recent monthly rate of 30 percent to be maintained over the remainder of the fiscal year.

e. Computation of the Base Case Loan Loss Estimates

The estimates of GNP impacts are computed on the assumption that there will be approximately 906,371 total insured single-family dwellings under the FHA programs (primarily Section 203(b)) in FY 1986 (SEE FIGURE 1, PAGE l). Assuming, as in FY 1985, 40.5 percent of these cases occur in June through September, a total of 367,080 cases are at risk in the event of a post-May cut-off of FHA authority. However, since the FY86 caseload volume has been running at considerably higher absolute levels than in FY85, it is possible that the number of cases could exceed 1 million with possibly 400,000 or more at risk after the hypothetical May cut-off.

From the caseload volume assumptions given above, and that 60 percent of all FHA borrowers would not find conventional financing for either their new or existing home, approximately 220,248 cases of both new and existing homes would be lost. The fact that about 60 percent of FHA borrowers have LTVs of 90 percent or higher is in Table 4 (SEE PAGE m). These data for the third quarter 1985 are the most recent available. New and existing Section 203(b) programs for the third quarter 1985 had average loan to value ratios of 89.12 and 89.58, respectively and median LTVs exceeded 90 percent (SEE TABLE 4, PAGE m). Only Section 244 (existing), Section 265 (new), and Section 270 existing had lower average LTVs. Only Section 244 (existing) and Section 265 (new) had median LTVs below 90.

Assuming the 60 percent loss figure holds for both new and existing property types, the further assumption that 15 percent of FHA single-family cases are new properties dictates that 33,037 new homes and 187,211 existing homes would not be sold. Furthermore, assuming that 25 percent of the existing units are refinances, approximately 46,803 units which would have been refinanced would not be. This refinancing activity clearly generates significant income flows for the mortgage lending industry and the economy.

f. The GNP Losses

Analysts at the NATIONAL ASSOCIATION OF REALTORS® have estimated the impact of a 1986 resale or new home sale on the GNP. These estimates (SEE TABLE 5, PAGE n "Contribution of Single-Family Resales and New Construction of GNP" and the following section on the methodology to derive the figure: Estimating the Contribution of Resal and New Homes to GNP"), are based on the relationship of national construction expenditures, and expenditures made by home sellers and homebuyers before and after each home sale to the number of homes sold and annual GNP. These expenditures have a multiplier effect on the entire economy, therefore, the total monetary effect on the national economy or a region of the country is substantial.

For 1986, our economists have calculated that the annual contribution to GNP from the sale of an existing home (resale) will equal $18,620. The contribution from the sale of a new home will equal $112,617. Part of the contribution to GNP from the sale of an existing home include net income to lenders financing the transaction. This figure will be used for estimating GNP generated from refinancing transactions. This figure is estimated to equal $825 ($550 plus a pro-rated portion of the multiplier effect) (SEE TABLE 6, PAGE o).

However, the losses in FHA homes will be assumed to be proportional to the third quarter 1985 average price of Section 203 (b) FHA home relative to the projected average price of all homes for 1986 (SEE TABLE 6, PAGE o, Estimates of GNP Impacts). These figures for the third quarter of 1985 will be used since they are the most recent estimates of FHA home prices available. However, they will probably underestimate the prices of FHA homes in 1986 (remainder of FY1986). Since FHA homes tend to be less expensive, this assumes construction, sales, and resale expenses are proportional to the sales price of the home. Since an FHA existing home is approximately 61.03 percent of the projected 1986 average home price, the impact of the loss of an FHA existing home sale will be estimated at $11,363. Since a refinancing is for an existing home, the GNP loss estimate for a refinance will also be prorated at a 61.03 percent rate to equal $503. The estimate for a new home sale (prorated at 64 percent) will be $72,156. We believe these figures provide very conservative estimates of the impacts on GNP.

GNP Loss Calculation

GNP Loss--New Homes:

33,037 x $72,156 = $2,383,817,772

GNP Loss--Existing Homes:

140,408 x $11,363 = $1,595,456,104

GNP Loss--Refinances:

46,803 x $503 = $23,541,909

Total GNP Loss = $4,002,815,785

= at least $4 billion

TABLE 1

ESTIMATING REGIONAL LOSSES

The following computations assume that the total GMP loss can be allocated proportionally to the regions based on 1985 FHA insured cases in each Census region. (SEE TABLE 6 for date from the "Summary of Mortgages Endorsed in 1985 by Construction Type by State, Source A43 (SFIF)," Housing Information and Statistics Division, Housing-Office of Management, U.S. Dept. of HUD, 2/26/86). The regional proportions for 1985 were as follows:

Regional Proportions of New and Existing
FHA Insured One-to-Four Family Cases--1985*
(Percent)

Region	New**	Existing
Northeast	1	10
Northcentral	12	22
South	42	36
West	45	32
	100	100

*Excludes Guam, Puerto Rico, and the Virgin Islands.

**FHA terminology is "proposed" construction versus "existing" construction for existing homes.

TABLE 1 CONTINUED

At the time of this analysis, there was virtually no data available from FHA on regional prices for new and existing homes in 1986, or even FY1986. The most recent data was for the Third Quarter of 1985, contained in "State Trends - A Supplement to FHA Trends" from the Housing Information Statistics Division. This publication contains informations on averagae sales prices of FHA Section 203 (b) new and existing homes by states. However, it was based on sample data -- 557 loans for new homes and 11,376 loans for existing homes. The sample for new homes also only includes loans insured in California, Florida, Montana, Nevada, Texas, and Puerto Rico. There are also about a dozen states missing from the existing homes section. Because of the poor coverage of the new homes data, and missing states problem, it was decided to use the national average prices for the third quarter, instead of constructing regional prices. This assumption will tend to underestimate impacts in the West and the South where there is a high volume of loan activity and/or higher home prices. Assuming that the estimated impact per resale, new sale, or refinance is the same for each region, the regional impacts are calculated below:

REGIONAL INCOME LOSS ESTIMATES

Northeast Region Income Loss

	Regional Percent	Estimated Number	Est. GNP Impacts	Total Est. Regional Loss
New	1	330	$72,156	$23,811,480
Resale	10	14,041	11,363	159,547,883
Refinance*	10	4,680	503	2,354,040
Total Regional Loss				$185,713,403

TABLE 1 CONTINUED

Northcentral Region Income Loss

	Regional Percent	Estimated Number	Est. GNP Impacts	Total Est. Regional Loss
New	12	3,964	$72,156	$286,026,384
Resale	22	30,890	11,363	351,003,070
Refinance*	22	10,297	503	5,179,391
Total Regional Loss				$642,208,845

Southern Region Income Loss

	Regional Percent	Estimated Number	Est. GNP Impacts	Total Est. Regional Loss
New	42	13,876	$72,156	$1,001,236,656
Resale	36	50,547	11,363	574,365,561
Refinance*	36	16,849	503	8,475,047
Total Regional Loss				$1,584,077,264

Western Region Income Loss

	Regional Percent	Estimated Number	Est. GNP Impacts	Total Est. Regional Loss
New	45	14,867	$72,156	$1,072,743,252
Resale	32	44,930	11,363	510,539,590
Refinance*	32	14,977	503	7,533,431
Total Regional Loss				$1,590,816,273

*Assumes existing proportion for the region for resale homes applies to the regional proportion refinanced.

TABLE 1 CONTINUED

Total National Loss as sum of Regional Loss Estimates

Region	Loss Estimate
Northeast	$185,713,403
Northcentral	642,208,845
South	1,584,077,264
West	1,590,816,273
Total National Loss	$4,002,815,785

The above calculations assume that home prices in each region average out to the third quarter 1985 national averages of $57,977 for an FHA-insured resale home and $68,877 for a new home. As indicated above, both of these are probably underestimates for 1986. It also assumes that the GNP impacts are primarily realized in that region--that is the initial impact and virtually all multiplier effects accrue primarily to the regional economy. A slightly weaker assumption that would still justify the results, is that any spill-over multiplier effects (i.e., leakages from the region) from one region to another are offset by reverse spill-over effects from other regions. These assumptions do not appear to be unreasonable given the large size of the Census regions and the fact that they are for the most part, contiguous.

TABLE 2

FHA SINGLE-FAMILY ACTIVITY--TOTAL INSURED CASES BY MONTH (NEW AND EXISTING PROPERTIES)

Fiscal Year		FY 1984	FY 1985	FY 1986
	Calendar Year	1983	1984	1985
	October	45,110	23,002	59,060
	November	37,792	23,611	53,378
	December	33,696	22,525	55,771
	Calendar Year	1984	1985	1986
	January	33,536	44,914	65,860
	February	29,001	30,843	63,472
	March	30,443	39,737	297,541
	April	31,763	39,105	
	May	32,032	39,066	
	June	31,989	35,614	
	July	28,009	40,831	
	August	30,794	46,394	
	September	20,931	55,738	
Total FY		385,096	441,380	906,371*

*Estimated Based on FY 1985 Insurance Case Rates

Source: FHA Field Office Reports

TABLE 3

FHA REFINANCING OF EXISTING LOANS

FY 1985	
1984 ·	Percent
October	10.0
November	11.5
December	14.1
1985	
January	14.2
February	16.8
March	15.1
April	13.2
May	13.6
June	12.3
July	13.3
August	12.5
September	13.8
FY85 Average	13.37
FY 1986	
October	13.1
November	12.9
December	14.7
1986	
January	21.3
February	24.9
March	30.0
Average FYTD	19.48

Source: FHA Single-Family Operations Reports, Housing Information Statistics Division, U.S. Department of HUD.

(k)

Figure 1

SCHEMATIC DIAGRAM OF GNP IMPACT ESTIMATION
(BASE CASE PARAMETERS: 40.5%, 60%, 15%/85%, 75%/25%)

Estimated
Total Cases
FY86
906,371

Total Cases
Remainder of FY86
June-Septmber
40.5% of Total
367,080

Total Cases Dependent
on FHA Insurance
60% (i.e. LTVs - 90%)
220,248

New (15%)
33,037 homes

Existing (85%)
187,211

(75%)
Resale
140,408

(25%)
Refinance
46,803

GNP Impact of
New Home Lost

Reional Impacts
(percent)

NE	NC	S	W
1	12	42	45

GNP Impact
of Resale Lost

Regional Impacts
(percent)

NE	NC	S	W
10	22	36	32

Lesser GNP Impact
Refinances Lost

Regional Impacts
(percent)

NE	NC	S	W
10	22	36	32

TABLE 4

FREQUENCY DISTRIBUTIONS OF LOAN-TO-VALUE (LTV) RATIOS BY FHA PROGRAMS: THIRD QUARTER 1985--Percent

LTV	Section 203(b)		Section 221		Section 223		Section 244		Section 265		Section 270	
Categories	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing
Up to 75	12.8	10.5		1.2		1.7		13.5			6.0	6.4
76 to 85	16.7	14.5		4.5		22.5		20.9	50.0		18.2	15.2
86 to 89	12.4	17.2	NA	5.4	NA	6.9	NA	16.3		NA	24.2	18.2
90 to 94	14.0	14.5		17.9		27.6		18.0	50.0		27.4	46.1
95 to 99	39.6	41.4		65.0		31.0		31.3			24.2	13.9
100 and over	4.5	1.9		6.0		10.3		0.0			0.0	.2
Average LTV	89.1	89.6	NA	95.4	NA	92.1	NA	87.4	88.6	NA	89.5	88.8
Median LTV	93.4	92.9	NA	97.0	NA	93.5	NA	89.8	86.0	NA	90.2	90.8

NA: Not Appropriate/Not Available

TABLE 5

CONTRIBUTION OF SINGLE-FAMILY RESALES AND CONSTRUCTION TO GNP*

	Dollars	
	Resale	New
Average Price	95,000	107,500
Contribution to GNP		
Construction	--	65,500
Expenditures Before Resale	950	--
Expenditures At Sale	9,000	5,800
Expenditures After Sale	1,900	2,150
Lender's Income Net of Cost of Funts	550	1,580
Mortgage Insurer's Income	13	48
Subtotal	12,413	75,078
Multiple Effect on GNP	6,207	37,539
Total Effect on GNP	$18,620	$112,617

Source: NATIONAL ASSOCIATION OF REALTORS®

*Since the estimates are based on average resale and new home prices, they can be pro-rated by the average FHA prices, to determine multiplan effects for the typical FHA new and resale home (SEE TABLE 4).

The following section on Estimating the Contribution of Resale of New Homes to GNP" explains the methodology employed in the above estimates.

TABLE 6

ESTIMATES OF GNP IMPACTS

NATIONAL ASSOCIATION REALTORS® Estimates:

	Resale	New
Average Price 1986	$95,000	$107,500
Total GNP Impact	$18,620	$112,617

FHA Estimates: Third-Quarter 1985: FHA TRENDS (of Home Mortgage (Section 203 (b)) Characters)

	Resale	New
Average Price	$53,084	$68,877

Proration of GNP Impact

FHA Price $57,977
NAR est. Price= $95,000 = 61.0284%
FHA Impact per Resale Lost = 61.03% of $18,620 = $11.363

New
FHA Price $68,877
NAR est. Price= $107,500 = 64.07%
FHA Impact per New Home Lost = 64.07% of $112,617 = $72,156

Refinance
FHA Price $57,977
NAR est. Price $95,000 = 61.0284%
GNP Impact per Refinance Lost = 64.07% of $825 = $503.

ADDENDUM TO TABLE 4

ESTIMATING THE CONTRIBUTION OF RESALE AND NEW HOMES TO GNP

The resale and new home markets are important to GNP because home sales contribute substantially to GNP through increases in expenditures associated with the home purchase.

When an existing or new home is sold many people gain from the transaction. Certainly the buyer and seller benefit by moving into homes which better suit their current needs. And, of course, mortgage lenders and real estate practitioners gain from the transaction. In analyzing the impact of these transactions, it is useful to examine the following expenditures associated with homebuying--those that take place at the time of sale, before the sale and after the sale.

Expenditures at Time of Sale

A member of business firms benefit from the direct expenditures which take place at the time of the home sale. Those businesses include: household movers, attorneys, real estate appraisers, termite inspectors and structural inspection firms, surveyors, property insurance and title insurance companies, and the local governments which earn fees and taxes on the transaction. On average, these expenditures will total about $9,000 for each resale transaction in 1986, and $5,800 for each new home sale.

Expenditures Before the Sale

In calculating the contribution to GNP of a resale transaction we should not overlook the expenditures that are made by owners immediately prior to putting their home on the market. Since home sellers strive to present their home in he best possible light, many repairs and clean-up jobs that may have been postponed are done just before the house is placed on the market. Local merchants and contractors receive income from these expenditures, in particular: painters, hardware and building supply stores; carpenters; roofing, plumbing, and electrical contractors; lawn service companies and gardeners; carpet and drapery cleaners; heating and cooling contractors; and appliance repair services. Typically these expenditures will average $950 for each resale in 1986.

For new home sales, the obvious expenditure before the sale is the cost of constructing the housing unit, which involves many of the same businesses These costs will average $65,500 in 1986.

Expenditures After the Sale

There is also a strong relationship between buying a new or existing home and the subsequent purchase of additional goods and services. In the months following a home sale transaction, homebuyers outspend nonmover homeowners by a substantial amount. These after-sale expenditures range from major capital improvements and the purchase of furnishings down to the purchase of numerous smaller household and yard items. Analysis of Bureau of Labor Statistics consumer expenditure tapes used to construct the Consumer Price Index identified seven categories of goods and services in which recent buyers outspend nonmover homeowners:

- Nonrecreational household furnishings (furniture; linens; minor and major appliances; etc.)
- Capital improvements (building or modernization of rooms, garages, or wings; construction of patios, driveways, or walkways;

plastering or paneling improvements; heating or air conditioning improvements, etc.)

- Miscellaneous consumption (telephone service; service and maintenance contracts, etc.)
- Recreational household furnishings (stereos, television, radios, etc.)
- New vehicles (automobiles and trucks)
- Clothing
- Insurance and pensions

Overall, homebuyers in 1986 will have outspent non-mover households by $1,900 for resale homes and $2,150 for new homes within the 12 months immediately following a home purchase.

The Multiplier Effects Are Substantial

The impact of resales or new home sales on GNP is even more staggering when you consider the subsequent rounds of spending which occur as businesses and workers take the increased earnings from recent homebuyers' expenditures and spend them on a wide range of goods and services. These secondary and tertiary rounds of spending cover a wide range of products and are often diffused well beyond the boundaries of the local community in which the home sale takes place. In 1986, these additional rounds of expenditures will total about $6,207 per existing home, and $37,539 for each new homes sold. A major portion of the new home multiplier effect is due to the multiplied effects of the initial construction expenditures.

Total Contributions to GNP Per Transaction

On a per unit basis each 1986 resale will resulted in almost $12,413 of direct expenditures and over $6,207 of secondary expenditures. Each new home sale in 1986 will result in $75,078 direct expenditures and $37,539 in multiple expenditures. Together, these expenditures will contribute over $18,000 for a resale and $112,600 for a new home sale to GNP.

TABLE 7

REGIONAL DISTRIBUTION OF FHA SINGLE-FAMILY MORTGAGES ENDORSED IN 1985*

	Number of Loans				Mortgage Amounts ($s in 000s)			
Region	**New**	**Existing**	**Total**	**% New**	**New**	**Existing**	**Total**	**% New**
Northeast	823	34,042	34,866	2	$46,777	$1,628,935	$1,675,712	3
% of National	1	10	8	--	1	8	7	--
Northcentral	6,859	80,339	87,198	8	440,339	3,916,008	4,356,347	10
% of National	12	22	21	--	11	18	17	--
South	24,270	132,213	156,933	16	1,600,489	7,532,232	9,132,721	9
% of National	42	36	37	--	40	36	36	--
West	26,152	116,990	143,142	18	1,913,285	7,944,065	9,857,350	19
% of National	45	32	34	--	48	38	40	
National Totals	58,104	363,584	422,139		$4,000,890	$21,021,240	$25,022,130	

*Excludes Puerto Rico, Guam, and the Virgin Islands.

Source: Summary of Mortgages Endorsed in 1985 by Construction Type by State (A43 (SFIF)), Office of Management-Housing Information and Statistics Division, 2/26/86.

Note: These figures differ slightly from those provided by FHA Field Office Reports; however, they are considered the official figures for FHA single-family mortgage operations.

(s)

TABLE 8

CENSUS REGIONS BY STATE

Northeast:	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont.
Northcentral:	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin.
South:	Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.
West:	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming.

HOUSING AND URBAN DEVELOPMENT

Testimony of
The Standing Rock Sioux Tribe
Before The
House Committee on Appropriations
Subcommittee on HUD and Independent Agencies
May 7, 1986

Mr. Chairman and members of the Committee. I am Allen White Lightning, a member of the Standing Rock Sioux Tribal Council and the Chairman of the Health, Education and Welfare Committee of the Council. I am here today to tell you about the serious housing needs at Standing Rock and to urge you to support adequate funding for HUD's Indian housing program.

The Standing Rock Sioux Reservation is located along the Missouri River, in North Dakota and South Dakota. Approximately 9,000 Indians live on the Reservation, spread widely across our rural 2.3 million acre Reservation. Our Tribe has a rich heritage as the Tribe of Sitting Bull and other great leaders. Yet today we face massive economic dislocation and poverty. The most recent BIA figures indicate a 79% unemployment level among Indians at Standing Rock. This is a chronic problem for our Tribe.

There is a dire housing shortage at Standing Rock. We have long waiting lists of families seeking public housing. In one of our communities -- Fort Yates -- the waiting list is 78 families. These families are forced to wait two years, or more for public housing. In the meantime, those waiting for their own housing live in substandard or overcrowded conditions. A common 'solution' to the housing shortage is that families which live in public housing units take in other families during the long wait for their own units. This results in massive overcrowding for all as two or more families share a home barely large enough for a single family. We estimate that at least 30-40% of our HUD housing units also have extra tenants living in the dark, damp basements, because they simply have nowhere else to live.

Despite the massive need at Standing Rock and elsewhere, the Administration proposes no new Indian housing development beginning in FY 1987. In addition, the Administration has proposed a massive deferral of $2.3 billion for FY 1986 subsidized housing programs. This deferral -- which the Senate Budget Committee has in effect rejected in its 1987 budget resolution -- threatens Indian housing development already in the pipeline. We urge this Committee, and the full House, to strongly reject the Administration's efforts to gut HUD Indian housing programs.

One of the great ironies of the Administration's proposal is that the HUD Indian Housing program has already made a great difference on Indian Reservations. Standing Rock was one of the first Tribes in the nation to establish an Indian Housing Authority in the early 1960's and become eligible for HUD housing. At that time our housing was among the very worst in the nation. Many of our people --

particularly those living in the countryside away from our towns -- had no permanent housing at all. Many lived wherever they could, in tents, abandoned shacks or cars. A great many others lived in houses without floors, or plumbing. The HUD Indian housing program made decent housing available to many of our people who had not had such housing before. In fact, one of the most dramatic differences between the Reservation in the 1950's and today is the presence of HUD housing. With adequate funding, the HUD Indian housing program could live up to its promise of a decent home for each Indian family. With the Administration's cuts, the promise would go unfulfilled -- and the serious housing shortage and massive crowding together of our people would continue to grow worse.

The Administration's budget also calls for a huge cut in HUD modernization funds -- from $1.4 billion in FY 1986 down to $458 million for FY 1987. These are funds for alterations and rehabilitation of existing housing. Here again, the proposal ignores fundamental needs. At Standing Rock, we are constantly in need of funds to undertake preventive maintenance and make needed repairs of our HUD housing units. For example, we now have 50 units of housing, built several years ago, with defective windows. Each of these units has windows falling out and in bad need of repair. However, HUD tells us that no repair funds are available, since funding is only there for 'emergencies.' So, our tenants simply board up the defective windows, and make do as the housing deteriorates. This is but one example of the lack of maintenance and repair funds under current funding conditions. If the Administration's proposal were adopted, two-thirds of the already inadequate funds would be slashed. The result would be that the Indian housing units would quickly fall into disrepair -- and the gains made since the 1950s in Indian housing would soon be lost.

Another HUD program under attack by the Administration is the Community Development Block Grant program. For Indian Tribes, this is one of the few sources of grant funds for economic development activities, which are so vital to our future. The Administration is proposing a decrease for FY 1987 of $877 million, as well as a $500 million deferral of FY 1986 funds. We urge the Committee to reject these proposed cuts.

Finally, as the Administration's Budget justification states "The 1987 Budget is consistent with the Administration's efforts to shift the focus of the subsidized housing programs exclusively to cost-effective Housing Vouchers" (p. C-2). If enacted, this policy would mean disaster for Tribes like Standing Rock. The key premise of the housing voucher system is that privately developed and owned housing will meet the needs of low income tenants. On Indian Reservations, a housing voucher system will not work. There simply is no private housing available for low income Indians to rent at Standing Rock. If housing vouchers were used, Indians would receive vouchers, but would have nowhere to redeem them. To Indians, "housing vouchers" simply means no housing at all for Indians. While the Administration is apparently not now targeting Indian housing for the voucher system, we are extremely concerned that in promoting the voucher system, the Administration will again disregard the special needs of Indian housing.

In short, we urge the Committee to reject the Administration's proposed cuts and to restore a measure of fairness to the FY 1987 appropriations regarding HUD Indian housing programs.

Respectfully submitted,

Allen White Lightning
Standing Rock Sioux Tribal Council

NATIONAL SCIENCE FOUNDATION

STATEMENT

ON

THE FY 1987 APPROPRIATION
FOR THE NATIONAL SCIENCE FOUNDATION

TO

THE SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

ON BEHALF OF

ASSOCIATION OF AMERICAN UNIVERSITIES
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES
AMERICAN COUNCIL ON EDUCATION
ASSOCIATION OF GRADUATE SCHOOLS
COUNCIL OF GRADUATE SCHOOLS IN THE UNITED STATES

MAY 6, 1986

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to discuss the proposed budget of the National Science Foundation.

CONVERGING BUDGETARY PRESSURES

This year is marked by a pervasive sense of vulnerability by universities because several essentially unrelated policy lines seem to be converging. Let us briefly describe those lines and explain why they should be of interest to Members whose responsibilities include the maintenance of America's capacity for science and science education.

Overall reductions: The first set of policies to impinge on universities are those set in motion by deficit reduction pressures. NSF stands out among federal agencies for its proposed increase for FY 1987. Virtually every other program on which universities rely is slated for significant reductions. The proposed cuts in other areas will strike heavy blows at mainline university activities, forcing either reductions in institutional programs or the increased subsidizing of those activities by other elements of the university.

Indirect cost recovery: Second, the proposed revisions to OMB Circular A-21 which would cap particular components of indirect cost recovery, will hit the budgets of research universities heavily. If those rules take effect as proposed, losses in the millions of dollars a year will be incurred by individual institutions, and virtually all universities will suffer noticeable reductions.

Tax reform: The third line of policy converging on universities makes the effects of the first two even more devastating. The tax reform bill that passed the House last year contains a number of provisions that will simultaneously cost universities more money and severely undermine their ability to raise money from private philanthropy. The effect of the adopted provisions -- together with the first two policy decisions -- must be taken into account by anyone who cares about the health of America's universities or the nation's capacities in science and technology.

Now you may ask, What is to be done? The answers for this year are clear enough. They are, where possible, as with NSF, to support budget levels that will help sustain the enterprise through a difficult period; to help prevent arbitrary, damaging, and non-negotiated chances in the principles that govern indirect cost recovery by urging OMB to sustain genuine negotiations with affected parties; and to oppose changes in the tax code that would lessen the incentive for private philanthropy and thereby make it less likely that private efforts can compensate for the inevitable diminution in federal programs.

We are aware, Mr. Chairman, that these opening remarks have gone far afield from the testimony that we would ordinarily give on this occasion. We have done so because it seems to us evident that when you have finished work on this NSF budget, you will, as Members of Congress, face an agenda that is even more important to science and to universities than the annual budget of any single agency can be. As you approach those larger issues, we urge you to bring to them the same purposes and perspective that move you to believe that the work of the National Science Foundation is worth your support.

THE RESEARCH PROGRAM OF THE NATIONAL SCIENCE FOUNDATION

Let us now turn to the specifics of the Foundation's Budget request. and begin by addressing the research budget.

Top priorities: First, we congratulate Mr. Bloch, Director of the Foundation, and the National Science Board for presenting to the Congress a strong, reasonable, and generally well-balanced budget for the NSF. This budget request clearly recognizes that even in these difficult times, we cannot afford to reduce our investment in academic science and engineering. Sustained budgetary stringency requires that we make difficult choices in order to support the two ingredients essential to our welfare: the talent of our young people and our expanding body of new knowledge. We must take those necessary steps to encourage able and interested students, especially underrepresented minorities and women, to pursue undergraduate and graduate programs in academic science and engineering.

When national investments in education and research are combined in the university enterprise, unique benefits result. Now, more than half of all federal basic research programs are carried out in universities and colleges; NSF alone accounts for 25% of total federal basic research funding in universities. The bond forged between education and research is the unique strength of academic science and engineering. We applaud, therefore, NSF's proposal to further expand involvement of graduate and undergraduate students in many of its research programs.

Individual investigator grants: As the promising and important initiatives announced by the Foundation go forward, it will be important to pay careful attention to the matter of balance between them and the core funding mechanism of the Foundation -- the individual investigator grant. As presented, the budget sustains investment in competitive awards to individual researchers. It seeks to protect progress made in recent years to strengthen the average size and duration of foundation grants. We trust that these gains will not be compromised by the development of exciting new initiatives.

Behavioral and Social Sciences: One research area has posed particular concerns for the past several years: the Foundation's social and behavior sciences programs. These programs were subjected to sharp reductions in the period between FY 1980 and FY 1982. We are pleased to see that they have been making progress toward regaining their appropriate place in the NSF research budget. In FY 1986, however, that progress was reversed. The final funding level for the behavioral and social sciences was cut last year to below FY 1985 levels. We now face the prospect of renewed erosion of these fields, and that is sobering.

The FY 1987 budget proposes to restore, in current dollars, the sharp reductions imposed just a few years ago. However, in light of the cuts imposed in FY 1986, we must point out that real investment in these fields, measured in constant dollars, remains significantly below the FY 1980 level, demonstrating an erosion of about one-third in six years. We do not believe this adequately reflects an appropriate recognition of the potential contribution of research and education in these fields to our productivity and security.

Astronomical Sciences: We also would call the Committee's attention to one potentially anomalous aspect of the budget request: the request for astronomical sciences. While most of the sciences and engineering research programs are slated to receive at least a measure of real growth, a reduction in constant dollars is proposed for the astronomical sciences. Because the NASA astronomical sciences budget also is under considerable strain this year, we believe it is timely to inquire about the combined consequences for university astronomical sciences programs of such a sharply constrained budget request.

GRADUATE FELLOWSHIPS

For many years, one of the most effective program in helping to identify and attract young talent has been the NSF Graduate Fellowship Program. Again this year, the Graduate Fellowship Program is level funded. After making progress toward overcoming the effects of a decade of erosion, the program again is beginning to lag significantly behind market forces competing for the best young minds in science and engineering.

Education allowance: This year the cost of education allowance poses a particular problem. For more than a decade, the allowance has fallen steadily behind the actual cost of graduate education in the sciences and engineering. This year, the NSF program is proposed to take a further step backwards by reducing the cost of education allowance that accompanies each NSF fellowship from $6000 to $5250. Instead of covering even the cost of tuition, which itself fails to meet the true costs of instruction, the NSF requires host universities to subsidize the program in steadily increasing amounts. We urge that present funding levels for the cost of education allowance be sustained.

UNDERGRADUATE SCIENCE AND ENGINEERING EDUCATION

The proportion of our young people now attracted to university programs of science and engineering is declining. Looking ahead, if we continue to attract students into these fields at only the 1983 rate, we will (as a result of certain declines in the numbers of 22-year-olds) produce almost 700,000 fewer baccalaureates in these fields over the next 20 years. The National Science Foundation has a serious leadership responsibility in science and engineering education at the undergraduate level.

The Foundation is proposing only a modest increase for science and engineering activities with the exception of the College Science Instrumentation Program, increased by $2 million. In order to fund between 75 and 80 new projects, all programs are being maintained at their FY 1986 level. Although we are pleased to see an expanded commitment to education, especially in our schools of engineering, the proposed program level can be considered only the first step toward addressing the problems associated with obsolete instructional equipment and materials.

INSTRUMENTATION AND FACILITIES

The Foundation has made substantial progress in identifying and meeting the research instrumentation needs of foundation-funded investigators. Now about 20 percent of total NSF research funds is allocated to the acquisition of research equipment. We commend the Congress and the Foundation for addressing the research equipment problem.

We must point out, however, that little progress has been achieved in meeting the needs of research institutions to replace and modernize the laboratory buildings in which national research programs are conducted. Federal investment in academic research facilities has declined almost 95 percent since 1965. The backlog of investment required to meet accumulated needs is unknown, but it is clearly in the multi-billion range.

The White House Science Council has recommended that the National Science Foundation undertake a special ten-year research facilities modernization program. We are encouraged by the Council's recommendation. The characteristics of the problem, its seriousness, and a federal responsibility to help fashion solutions are becoming more widely recognized. We also are encouraged that the Foundation, as directed by Congress last year, is developing a capability to assess the problem in a comprehensive way. We hope that this Committee will urge the NSF to give the facilities problem its sustained attention consistent with the recommendations of the White House Science Council.

MERIT-BASED ALLOCATION OF FEDERAL RESEARCH AND FACILITIES FUNDS

Finally, we cannot emphasize too strongly the importance to the long-term health of the Foundation's research program of resisting any attempts to earmark NSF funds for particular institutions for either research facilities or research project support. To date, the Foundation has not been affected by the kinds of earmarking activity that has recently affected the Department of Defense, the Department of Energy, and the National Institutes of Health. We urge the Subcommittee to continue to sustain scientific and technical merit as the basis for the award of scarce federal research resources.

Thank you for the opportunity to present these views.

NATIONAL SCIENCE FOUNDATION

STATEMENT OF

THE ENGINEERING EDUCATION TASK FORCE of:

THE NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

THE AMERICAN SOCIETY FOR ENGINEERING EDUCATION

THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES
AND LAND-GRANT COLLEGES

on the

FY'87 National Science Foundation Appropriations

to the

Subcommittee on HUD-Independent Agencies

Committee on Appropriations

U.S. House of Representatives

May 6, 1986

Mr. Chairman and Members of the Subcommittee:

We appreciate this opportunity to share our views on the National Science Foundation appropriations for FY'87. This statement is being submitted for the record by the Engineering Education Task Force, a multi-society task force convened in 1983 to bring together the resources of societies with mutual interests for the purpose of evaluating and developing legislative solutions to critical engineering education and research problems. The Task Force is chaired by Dr. Robert D. Kersten, P.E., Dean of Engineering at the University of Central Florida, who represents the National Society of Professional Engineers (NSPE). The other participating organizations are the American Society for Engineering Education (ASEE), including its Engineering Deans Council, and the National Association of State Universities and Land-Grant Colleges (NASULGC).

NSPE is a non-technical professional society representing over 75,000 professional engineers of all disciplines nationwide, who are employed in industry, private practice, government, construction and education. ASEE represents over 10,000 engineers, primarily faculty, and over 250 accredited engineering schools, as well as more than 100 major engineering-oriented industries. Over 30% of all students enrolled in institutions of higher education attend the 144 NASULGC member colleges and universities, which include 24 of the nation's largest institutions and multi-campus systems of higher education.

In the current climate of intense fiscal austerity, we believe it is especially important to examine carefully all Federal expenditures in terms of their return on investment and the degree to which other sources of funding can be developed. From this perspective, the President's FY '87 budget request for the National Science Foundation clearly emerges as a vital insurance policy guarding our economic welfare and world leadership.

Unlike many areas of the budget, the National Science Foundation supports the development of resources that fuel economic growth. However, because the payoff from this investment in academic talent, training and research is only apparent in the long term, those unfamiliar with the Foundation's programs and accomplishments may not appreciate the critical role played by the NSF. Before looking at the specifics of the proposed budget, therefore, we would like to highlight this point.

It is often said that the National Science Foundation makes only a small contribution to the nation's research and technology base compared with the mission agencies. While it is true that other agencies fund a substantial amount of the nation's research, the largest share of that work is development, directed toward a specific commercial or military application. This type of support is focused on the final product, with the objective to advance the agency's primary mission. The next largest percentage of all federal R&D support is characterized as applied research, which again is geared toward a mission related result.

These forms of research support are not intended to advance the forefronts of knowledge, but to use the basic research results that already exist to benefit an agency's mission, such as defense. The smallest share of federal R&D expenditures is for basic research, which undergirds all other research and provides graduate students and faculty with opportunities to acquire sophisticated skills and knowledge. And the only agency in the federal structure responsible for advancing both people and research in this way is the National Science Foundation.

Again, though, an examination of the distribution of research funds by agency makes the NSF share of Federal funding of basic research, 16% under the proposed FY '87 budget, appear fairly insignificant. If only basic research performed at colleges and universities is considered, that share grows to 25%. In many areas, however, the unique role that the National Science Foundation plays is masked by these broad statistics.

This is especially true in engineering, where in several disciplines the NSF is almost solely responsible for both the research and talent addressing critical issues at the nation's colleges and universities. For example, in FY '84, the most recent year for which statistics are available, the NSF supported 74% of basic research in chemical engineering conducted at colleges and universities. In civil engineering, the figure rises to an astonishing 93%.

The reason why the NSF share is so high lies in the nature of the work, which is generic and therefore not of immediate interest to mission agencies or industry, but which has some potential for future application. For example, in the civil field, NSF is essentially the nation's only sponsor of fundamental engineering research in structural design, which generates more stress resistant methods for building bridges and other essential elements of the nation's public works infrastructure. This research is desperately needed; in past decades, and even today, these structures have been built using existing, though clearly outmoded, technologies. Without this most basic work, new methods will not come to fruition. And in many fields, particularly engineering, NSF funding serves to leverage non-federal resources, bringing the total investment in research and talent to a higher level than would otherwise be possible.

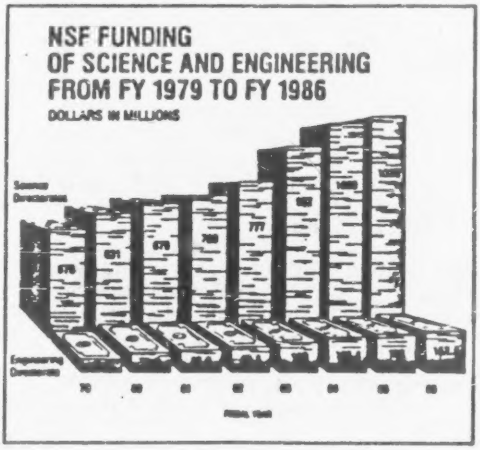
Clearly, the future growth of our nation depends on research in these and other critical engineering and scientific areas. With the National Science Foundation leading the way, advances in technology can help ensure a bright future.

Given that the National Science Foundation plays such a crucial and irreplaceable role in supporting the nation's academic foundation of research and talent in science and engineering, the need for stable funding becomes obvious.

Researchers cannot plan and perform high quality work without stable funding. To stop a research project midterm does not produce half of the expected results; it produces inconclusive, usually useless data. Rollercoaster funding for NSF does not just slow things down, it grinds the research and education enterprise to a halting stop, and diminishes the value of previous investments.

Therefore, while acknowledging that rapid growth of the NSF budget is not an option with the current fiscal crisis, we hope you and your colleagues throughout Congress will resist the temptation to reduce the proposed budget. The modest growth proposed allows advances in only the most pressing, promising areas such as biotechnology, the encouragement of more women and minorities to undertake science and engineering research and education challenges, and manufacturing processes. The budget request is both fiscally responsible and technologically exciting, no small feat considering the limitations imposed.

In engineering, the budget request is for $185.5 million, a 14% increase over the current plan for FY '86. Still, engineering accounts for only 14% of the total budget, a proportion that has not changed significantly over the last decade despite the growing importance of engineering to international technological competitiveness.



NSF FUNDING
OF SCIENCE AND ENGINEERING
FROM FY 1979 TO FY 1986

While this year is clearly not the time to suggest a massive investment of new funds into the engineering directorate, we do hope the Subcommittee will consider a long-term growth plan that will allow the Foundation to respond better to critical needs in engineering education and research. Last fall, the National

Academy of Engineering analyzed NSF's engineering programs and in the final report, New Directions for Engineering in the National Science Foundation, concluded: "The maintenance of this country's technological leadership cannot be assured in the absence of engineering research at the cutting edge of knowledge. Because the process of technological innovation depends directly upon the quality and quantity of engineering talent...it is vital that NSF regard this national challenge as a challenge to itself as an agency and, more specifically, to its engineering directorate."

The report recommends that to meet current needs, the budget of the engineering directorate should grow to between $350 million and $410 million per year. We strongly endorse the Academy's recommendation and urge you to approve the proposed budget with this goal in mind.

The need for more resources does not stem from a desire to just conduct more research. Rather, the engineering education enterprise is desperately in need of substantial improvements. In trying to honor demands for good research and talented people, engineering schools find themselves struggling to maintain superior standards in the face of a variety of problems:

* **Engineering faculty shortages** remain of paramount concern. Currently, one in twelve budgeted positions is vacant. As many as 23% more positions are needed to bring the student-faculty ratio close to optimum teaching conditions.

* **High enrollments** at the undergraduate level strain an already sparse faculty and poor facilities. While enrollments have grown over 115% over the last fifteen years, faculty growth has been approximately 10%.

* **High quality** of entering students masks the poor "value added" being provided by undergraduate engineering education. The majority of entering freshmen are in the top 10% of their graduating high school class.

* **Unattractiveness of faculty careers** is furthered by limited incentives for bright students to pursue graduate engineering education. Fellowship awards should be increased to equal at least one half of starting B.S. salaries.

* **Deteriorating physical plants** detract from the quality of instruction and research and reduce the attractiveness of an academic career.

The American Society for Engineering Education is nearing completion of a two year project, sponsored by thirty major corporations, to develop a strategy for ensuring the excellence of the faculty and the academic working environment in coming years. The four task forces of the Quality of Engineering Education Project (QEEP) have produced interim reports with tentative recommendations for schools, faculty, government and professional societies. A copy of those reports is attached for the record.

In sum, we urge you to support fully the FY '87 National Science Foundation budget request. The NSF plays a vital and irreplacable role in maintaining and enhancing the technological and economic strength of our nation.

PUBLIC AND SCIENTIFIC AFFAIRS BOARD
AMERICAN SOCIETY FOR MICROBIOLOGY

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Washington, D.C. 20006
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May 7, 1986

The Honorable Edward P. Boland
Chairman, House Appropriations Subcommittee on
HUD-Independent Agencies
Committee on Appropriations
U.S. House of Representatives
H-143 Capitol Bldg.
Washington, D.C. 20515

Dear Representative Boland:

The American Society for Microbiology (ASM) wishes to comment on the Fiscal Year (FY) 1987 budget for the National Science Foundation (NSF). The ASM is the largest single biological life science organization in the world with an active membership of over 34,000. Many of these individuals are engaged in biological research and a sizable number are recipients of grants administered by the NSF. A large number of areas are represented in their interests, including molecular genetics, biotechnology, photosynthesis, nitrogen fixation, regulation of gene expression, immunology and ecology.

The ASM endorses the President's proposed FY 1987 budget of $1.686 billion for the NSF. The President's budget request provides for a modest increase in the level of funding to help cope with the rising costs of research and research training in scientific disciplines. Although the nation is in a period of budgetary stringency, and Congress is working to identify the spending reductions called for in the Gramm-Rudman-Hollings Balanced Budget Act, we need to be cautious not to decimate relatively modest federal programs such as NSF that, in relation to relatively small investments, bring disproportionately large benefits to the country. The NSF is a force for present and future progress in all areas of basic science. To sustain the current level of competitive standing of the U.S. in the international world of science, we must maintain, and even increase, our level of investment in basic research. We are all aware that there is a direct connection between current progress in basic science and subsequent tangible progress in innovative practical applications. The relatively small investment in NSF has had a positive effect on public welfare and will continue to do so in the future if adequately supported.

We hope that Congress will not permit the NSF budget to decrease in FY 1987, or even to be maintained at the fiscal 1986 "sequestration" level without an increase for inflation and some growth as proposed in the President's budget. A look at current history shows a deteriorating situtation for NSF's budget. Between 1985 and 1986, Congress appropriated an increase in NSF's budget of only 1.5%, far less than the rate of inflation. In March of this year, NSF's 1986 budget suffered further erosion by the 4.3% reduction required by the Gramm-Rudman-Hollings law, and NSF's current budget of $1.490 billion is $17 million below the FY 1985 level.

The FY 1987 budget request of $282.4 million for the NSF Biological, Behavioral and Social Sciences (BBS) Directorate reflects the modest program levels proposed in the President's budget. Under the proposed budget, we calculate that the number of individual research grant awards in the molecular and cellular biosciences would decrease slightly from a total of 1,675 in FY 1985 to a projected 1,645 in FY 1987. The average dollar amount per award is projected to increase only about 10% over two years (from about $68,000 in FY 1985 to about $75,000 in FY 1987). This does not take into account the actual cost of doing research when one considers inflation and the high cost of utilizing ever more effective but expensive modern techniques. Any decrease in the FY 1987 proposed budget level would necessarily bring about a reduction in basic science activity. In our view, this segment of the NSF budget should be the most resistant to budgetary erosion, because it is the most important in furthering economic development and maintaining our international advantage in science and technology.

The NSF sponsors essential opportunities to train both graduate students and postdoctoral scientists. To ensure an adequate supply of scientists in the near future, we need to continue these programs of human resource development. In FY 1985, the BBS provided support to 2,056 graduate students. The 1987 budget proposal for the BBS Directorate requests support for 2,041 graduate students, a decrease of 15 from the FY 1985 level. The numbers of postdoctoral scientists supported by BBS is slated to drop from 952 to 928 over the same time period. We believe that in fact the total number of trainees should be increased, or in the worst case, not be diminished below present levels. Training adequate numbers of new scientists is a very critical issue at this time. There is currently a decline in the number of Ph.D.'s matriculating into the biomedical sciences when, scientifically speaking, we are in the midst of an explosion of research opportunities in the biomedical sciences that are unparalleled in history. In order to take advantage of these opportunities, we must make sure that we continue to train adequate numbers of qualified young men and women for careers in biomedical research. The yields of education are gathered in the future, and activities of today will affect our nation's progress in years to come.

We also urge Congress to recognize the growing need to upgrade or replace aging research facilities in order to maintain and improve the infrastructure underlying basic science and engineering. We urge that funds for upgrading research facilities be earmarked as additional funds designated specifically for this purpose. To finance needed facilities renewal with funds previously invested in research efforts would ironically defeat the purpose of renewal by damaging just the activity one wishes to serve.

The NSF budget proposal calls for plans to encourage a interactive, interdisciplinary science by setting up a number of collaborative minicenters. These novel efforts seem to constitute a positive move toward encouraging fruitful collaboration among basic scientists and engineers. As argued above, the funds used to strike out in this new and potentially valuable direction should be new additions, identified as such, and should not have the effect of reducing the tried and true, successful avenue of selecting for funding the very best of the investigator-initiated individual research grants.

To summarize, we support the NSF FY 1987 budget request as the minimum needed to establish stability and continuity for important scientific research programs. Also, although we support the establishment of interdisciplinary research centers and the measures to revitalize our research facilities, we strongly recommend that this be done with new money, not by reducing support for the investigator-initiated individual research grants.

The ASM appreciates the opportunity to comment on the FY 1987 budget request for NSF and stands ready to provide additional information or assist in any way possible during the budget process for NSF.

Sincerely,

Moselio Schaechter

Moselio Schaechter, Ph.D.
President, American Society for Microbiology

Harlyn O. Halvorson, Ph.D.
Chairman, Public and Scientific Affairs Board, ASM

Monica Riley

Monica Riley, Ph.D.
Chairman, Committee on Genetic and Molecular Microbiology, PSAB

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

TESTIMONY

by

HENRY NORMAN

EXECUTIVE DIRECTOR

VOLUNTEERS IN TECHNICAL ASSISTANCE

(VITA)

before

HUD-INDEPENDENT AGENCIES SUBCOMMITTEE

HOUSE APPROPRIATIONS COMMITTEE

May 7, 1986

Washington, D.C.

INTRODUCTION

Volunteers in Technical Assistance was established 26 years ago by a few concerned scientists and engineers at the General Electric Company. Their concept was to use technical information resources and know-how donated by volunteers to assist in the transfer of technology to developing countries. From these humble beginnings, VITA has today assembled over 5000 expert volunteers across many disciplines to provide technical assistance. Most volunteers are North American professionals, although over 100 countries are represented in the volunteer roster. Since VITA's inception over 50,000 requests for information have been filled, drawing both on volunteer technical expertise as well as one of the world's largest collections of technical documents on small-to-medium scale technology.

VITA receives funding from a broad range of federal agencies, multinational organizations, and the private sector to carry out our tasks. One such task already initiated is to demonstrate an international "fast access" technical information exchange network using a low-earth orbiting satellite, PACSAT, to store-and-forward digital messages from any point to any point in the world. A prototype messaging system is already in orbit and functioning now.

THE NEED

International technical information exchange is often far too slow for timely problem-solving. This is especially true if the information consumer is located in an isolated or rural area. Even with timely information, technology transfer is usually a slow and difficult process. Regardless of the source of information, technology almost always has to be adapted to the requirements of a particular region given economic, social, and even cultural considerations. VITA's unique service is thus to **customize** information based on the needs and preferences as described by the requestor. Sometimes the response time for such information is measured in days or even hours as in a disaster of some kind.

In addition to technical information on agriculture or clean water supplies, the United States has the capacity to provide improvements in the technology of information exchange itself. VITA along with the Solar Energy Industries Association and other organizations asks the Subcommittee to carefully consider supporting a unique, low-cost program that has enormous potential.

THE PROJECT

VITA and the Radio Amateur Satellite Corporation (AMSAT) have cooperated on the conception and development of a satellite in low earth orbit, PACSAT, that could exchange information in an efficient and cost-effective way. PACSAT gets its name from the "packet radio" digital techniques employed to assure error-free and thus highly reliable information exchange. In a polar orbit PACSAT would circle every point on the earth 2-4 times a day. Given that the PACSAT project utilizes volunteers in its design and construction as well as the experience gained from the prototype system, it will cost many orders of magnitude less than a conventional geostationary satellite. Ground stations are simple and low in cost ($2-3000 each). Such stations, including simple antennas (no parabolic "dishes"), are already in use at VITA headquarters in Rosslyn, Virginia, and elsewhere testing the prototype store-and-forward communications capabilities on an experimental spacecraft built by the University of Surrey (Guildford, England). NASA has tentatively scheduled us for a space shuttle launch of PACSAT in late 1987. Our organizations, the private sector and foundations have already invested much time and money in making this unique project a reality.

REQUEST

Many of you in the U.S. Congress have sought ways in which the United States can truly and effectively transfer needed technical information to developing countries. This is a project which has enormous potential utility in that direction. VITA requests a $1 million one-time appropriation spread over FY '87 and FY '88 to pay for the construction, launch, and "commissioning" (establishing operation) costs of PACSAT. A list of endorsements from organizations that already support the program and this appropriation request is attached.

VITA believes that the PACSAT program will show the way for a true enhancement of the international capability to transfer needed technical information in food, energy, water, healthcare and housing and other areas from industrial nations like the United States to developing countries as well as among developing countries themselves. Once the initial costs have been borne, we have every expectation that the private sector will continue to support the program. We are asking the Congress for a one-time appropriation in the area where the government is best suited to help--the construction and launch of a satellite. On behalf of VITA, the organizations listed here, and many developing countries, I hope the Subcommittee will seriously consider the proposal.

LIST OF PACSAT CONTRIBUTORS

The Margaret W. and Herbert Hoover, Jr. Foundation
Pasadena, California

Douglas Strain
Portland, Oregon

Tektronix
Beaverton, Oregon

U.S. Agency for International Development
Washington, D.C.

Also, $226,000 of donated services from individuals working on the PACSAT project.

INQUIRIES FROM PROSPECTIVE USERS OF THE PACSAT NETWORK

Overseas

BELIZE	Radio Belize, Belize City
BOLIVIA	University for Peace, La Paz Mr. Javier Guzman, Oruro
CANADA	Intl. Development Research Center (IDRC), Ottawa National Research Council of Canada, Ontario Native Communications Society, Yellow Knife Ryerson Polytechnical Institute, Toronto Third World Resource Center, Toronto Trigon Systems Group, Toronto
CHILE	Latin American Institute of Transnational Studies, Santiago Ministerial Services, Santiago
COSTA RICA	Center of Telecommunications for the Third World, San Jose United Nations University for Peace, Escazu
ETHIOPIA	Pan African Documentation & Infor. System, Addis Ababa
FRANCE	UNESCO, Paris CODATA, Paris
GREECE	Athens Center of Ekistics, Athens
INDIA	Action Groups for Development, Nadia Communications Engineer, Bombay Natl. Center for Software Development & Computing Techniques, Bombay Shar Center, Nellore Systems Research Institute, Pune TATA Research Development & Design Center, Pune
ITALY	Committee for Aid to Cooperatives (COPAC), Rome
JAPAN	United Nations University, Tokyo
MALAYSIA	Library, University of Malaya, Kuala Lumpur
MEXICO	Consejo Nacional de Ciencia y Tecnologia, Ciudad Universitaria
NEPAL	Royal Nepal Academy of Science & Technology, Lolitpur

NIGERIA	ONO & Partner, Lagos University of Ife, Ile-Ife
PANAMA	Grupo de Tecnologia Apropriada
PAPUA NEW GUINEA	Appropriate Technology Development Institute, Papua Wau Ecology Institute, Wau
PERU	Consejo Nacional de Ciencia y Tecnologia, Lima Nueva Estrategia Tecnologia y Social, Lima
SRI LANKA	Arthur Clarke Ctr. for Modern Technology, University of Moratuwa
SWITZERLAND	International Telecommunications Union, Geneva
TANZANIA	Univ. of Dar es Salaam, Dept. Electronics & Telecom.
UNITED KINGDOM	Commonwealth Bureau of Agriculture Economy, Oxford

UNITED STATES

CALIFORNIA	Philippine Appropriate Rural Tech. Assistance Group, Dale City
CONNECTICUT	Technoserve, Norwalk
HAWAII	Pacific Basin Development Council, Honolulu
ILLINOIS	Intl. Services, Southern Illinois Univ., Carbondale Toward Freedom, Chicago
IOWA	Univ. of N. Iowa/Shaanxi (China) Teachers University Programs, Cedar Falls
MISSOURI	United Church Board for World Ministries, St. Louis
NEW YORK	Catholic Relief Services, New York Intl. Human Assistance Programs, New York Seven Winter Association, Inc., New York
OREGON	Hewlett-Packard, Corvallis
RHODE ISLAND	Foster Parents Plan, Warwick
VIRGINIA	IADS, Arlington Legacy International Youth Pro., Arlington

SELECTIVE SERVICE SYSTEM

STATEMENT OF

THOMAS P. ALDER
WASHINGTON,D.C.

BEFORE

THE

SUBCOMMITTEE ON HUD AND INDEPENDENT AGENCIES
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

FY 1987 APPROPRIATIONS FOR THE SELECTIVE SERVICE SYSTEM

MAY 8, 1986

Mr. Chairman and Members of the Committee:

I am Thomas P. Alder, an attorney and president of the Public Law Education Institute. For the past 18 years I have served as the publisher and contributing editor of the Selective Service Law Reporter and its successor, the Military Law Reporter. These publications have been the legal journal of record for the draft law field since 1968. During this tenure I have seen many Selective Service regulations that began as inartful or obscure drafts. Not since the Supreme Court overturned punitive reclassifications 16 years ago, however, has the agency come forward with a major rule as ill-conceived and unsubstantiated as its December 27th proposal to strip the existing regulations of due process safeguards. I am submittting testimony because I believe this effort is destructive of past accomplishments, and is destined to create more litigation and delay than any possible scenario under the regulations currently in force. I urge you to stop and take the full measure of these proposed rules. If you do not act, and these regulations go into effect in their present form, it is predictable that we will see needless litigation, much individual injustice, and, in the end, a weakening in public support for the mobilization draft.

The Rulemaking is not Based on Experience or Need.

From the very beginning this rulemaking has been marked by irregularities. On October 25, 1985, following the requirements of Executive Order 12291, Selective Service published a rulemaking agenda in which it said it would issue in October a proposal dealing with deferments and exemptions. The sole stated purpose of this revision was "to increase clarity or [sic] expression and make [the affected sections] consistent with 32 CFR 1656." The rulemaking actually proposed has deviated from this agenda completely. First, publication was delayed until December 27th, at the middle of the year end holiday period. Then, in a break with the earlier practice of this administration and the one preceeding it, Selective Service initially shortened the comment period from 60 to 30 days. Finally, and most important, the rule proposed sweeping substantive changes wholly inconsistent with the scope announced in the rulemaking agenda.

The changes put forward by Selective Service are supported by only the barest statements of "reasons", offering conclusions without documentation or adequate explanation. In reading these it is important to remember that no classification action has occurred under the new mobilization draft scheme, and, as a result, there is no real world experience on which the agency has drawn for its "reasons". Thus, there is no hidden empirical basis for a statement like: "This change eliminates the possibility that a registrant may use the appeal procedure to harrass the System and possibly avoid his military service obligation." Yet this is the calibre of most justifications in the proposal. The most charitable way to describe them is as "conjectural." There is not even the suggestion that they embody lessons learned in mock mobilization exercises. Since what they propose is a major stripping away of procedures and rights deliberately incorporated over two decades, it is not too much to call this a radical departure, and there is little in these statements that deserves deference as an example of "sound discretion" exercised by an agency with presumed expertise in implementing the statute.

The System is Undercutting its Mission

Changes which, without convincing reason, close or insulate the draft classification process and abridge appeal rights will not command genuine respect from registrants, their families, or the public. They may command obedience, and perhaps the System imagines that this is enough. But if the view is that a 98% registration rate can be translated into a broad warrant to "streamline" the induction process, the System's leadership is on the verge of seriously squandering whatever residue of good will it has. The Army Times, for example, in its May 5th issue reports that a three-year study by the respected National Opinion Research Center shows support for a peacetime draft has fallen from 44% to 24% between 1982 and 1984. The clear message from this survey is that the System has little latitude for the unsubstantiated and contentious actions it has proposed in the pending rulemaking.

Denying 4-F Appeals Violates the Selective Service Act

I would like to draw your attention to one feature of the December 27th proposal that is emblematic of entire regulation. These are the provisions to abdicate local board responsibility to make 4-F determinations and the elimination of all appeals from the denial of this classification by the DoD entrance station. Because one third to one half of all registrants may be subject to this exemption, the impact of the proposed changes and their legal foundation deserve special attention. I would submit that the change violates the law in two critical respects, and that this alone assures that its implementation will be entangled in signifi-cant litigation. Worse still, the full force of this litigation may hit at precisely the moment of mobilization, and may continue at a high level until the Supreme Court rules on the law.

One of the prices paid for a standby or mobilization draft is that legal tests will occur at the time they will do the most damage to the design and function of the System. The corollary is that, if the system is to be reliable when needed, those who manage and oversee it must keep their regulations well within the ambit of legality. If they are careless and take risks for reasons of unsubstantiated fears, they subvert their own system with faults and crack that will fail under stress.

A major, and indeed gaping, fault in the proposed regulation is the System's claim that 4-F classification depends entirely on acceptability determinations made at the entrance station, and that local boards have no discretion to weigh additonal evidence to find that an individual has a disqualifying condition or attribute. This is in direct contradiction to one of the clearest mandates to be found anywhere in the dense and often murky MSSA. Section 460 (b)(3) states theat "local boards...shall, under rules and regulations prescribed by the President, have the power...to hear and determine, subject to the right of appeal, ...all...claims...for exemption or deferment...." There is no hidden ambiguity in this, and certainly none to be found on the basis of the System's December 27th proposal. This section clearly requires the local boards to be the deciding body in all exemption matters in the first instance. Further, and just as clearly, the section unequivocally subjects all decisons to a right of appeal. The proposed regulation violates both branches of the law, and does so without any explanation of the inconsistency. The only discernible basis for imagining that Section 460 (b)(3) is not controlling is the notion that the President is free to ignore it because he is given the authority to set rules for deferments by Section 456(h). But, it was settled long ago, in *Breen v. Selective Service Board No. 16*, 396 U.S. 460 (1970) that this authority can only be exercised within the framework Congress has set out elsewhere in the Act. In short, Selective Service has proposed to change a lawful regulation with no apparent defects into an abdridged and legally-suspect version that unquestionably invites litigation and even noncooperation. I think it is fair to ask whether this is "faithful execution" of the laws.

1979 Act Barred This Abdication to DoD

This committee may feel that, despite the risk to mobilization, a decision on the effect of Section 460 (b)(3) is better left to the courts. Nonetheless, the 4-F proposal contradicts another law, on which Congress must be the responsible arbiter. That is Public Law 96-107, which passed in 1979 and constitutes Congress' very latest amendment to the Military Selective Service Act. The 1979 law added an new provision to Section 451, the Congressional Declaration of Policy. It reads in its entirety: "The Congress further declares that the Selective Service System should remain administratively independent of any other agency, including the Department of Defense." Relatively speaking, the ink is barely dry on this legislative admonition, and yet Selective Service proposes to flatly abrogate it by deeming 4-F an "administrative" classification and turning it over to the unreviewable discretion of the Defense Department.

This, in my judgment, is exactly what the 1979 law was designed to avoid. It did not limit its injunction to formal executive reorganizations, which could have been done by cross reference to the reorganization statutes. Instead, it went to the substance of Congress' traditional concern that the military draft at all times be linked to the office of the President, and thus politically accountable in its own right. This is a very real issue in the matter of 4-F classifications; one of the underlying arguments for an independent Selective Service has been public apprehension that acceptability determinations may be arbitrary or discriminatory if made solely by the military. In terms both of the importance of fitness determinations and the vast numbers of registrants who may be found unacceptable, it is not possible to characterize the proposed 4-F regulation as a minor and insignificant deviation from the 1979 law. If Congress makes it clear that the letter and intent of the law are violated by the System's abdication of its statutory independence as surely as by an Executive Reorganization Plan, it will give strong and needed guidance to the agency.

Courts May Not Resolve The Legal Infirmities in Time

If these regulations are adopted with their legal infirmities in place, court challenges to them may take a very disruptive and unsatisfactory form. Section 10 (b)(3) of the draft law severely limits the right to challenge classification regulations until an individual has actually been indicted for a felony under the act. Cases that create limited exceptions to this rule for pure 'law" questions stem from a period in which the registrants bringing suit were subject to immediate classification, and could readily meet standing requirements. Since the mobilization draft is based on the policy that classification and induction should be deferred until the mobilization emergency, Section 10(b)(3) operates in a way we have not experienced in the past. The very real prospect is that many thousands of contested 4-F denials will occur during the start up phase in any mobilization.

Even if the induction rate could be fine tuned to adjust for those contesting their denials, the sudden shifting of the problem onto federal law enforcement agencies at a time of their predictable saturation with other duties is irresponsible at the very least. Since the system cannot handle these loads, its only defense will be to seek exemplary prosecutions to vindicate the regulatory scheme. Despite the urgency of the issue, Supreme Court resolution will occur only many months after inductions begin. If the convicted registrant were to win, the System would be in disarray. If the government prevails, all those who challenged the regulation would be immediately or prospectively subject to conviction and incarceration for up to five years. It is hard to conceive of a more clumsy way to test and correct an avoidable administrative error.

1971 Law Requires Selective Service to Consider Comments

Constructive criticism of these proposals is not limited to the forum of these hearings. In 1971, at the instance of the Senate Judiciary Committee, Congress added Section 463(b) to the Act to require that Selective Service take public comment on its proposed regulations. The guiding purpose of this legislation was to end "closed" rulemakings that were so often challenged only after they had been issued. It was the Committee's judgment that most of these challenges, which were often successful, could be avoided if "runaway" rulemakings were ventilated before they were put in place. I cannot recall any proposal since 1971 that so exactly fits the intent of the 1971 provision as the current rulemaking. Seventy or more comments have been submitted in response to the published proposal, but some observers see signs that they are being given merely pro forma consideration. Remembering that the System has only gained from this notice and comment obligation during the past 15 years, I would strongly urge that the Committee convey to the agency the importance it places on incorporating well-reasoned comments into the final regulations. The Veterans Administration has for several years done an excellent job of incorporating outside comment and carefully explaining its regulatory amendments. If the Selective Service System feels its mission requires it to do less, the burden is on it to explain why.

Conclusion

Raising armies is a cardinal legislative responsibility in the civics books, but an often-ignored and unpleasant task in reality. By repealing the induction authority but leaving untouched the rest of the 1971 MSS, Congress has been able to turn its back on the growing disparity between what the law contemplates and what the administration proposes to do under the law. At the most fundamental level, the mobilization draft itself is arguably out of compliance because it does not classify men immediately after induction as the Act plainly requires. Within the confines of the system we have, there is no functional contradiction between the due process provisons of the current classification regulations, the statute, and the mission of the mobilization draft. Selective Service has now proposed to change this without convincing reason, stripping the process of its few civilizing features and breeding serious disruption in the future. Because this is being done in the name of the Congress as well as the President, I urge you to treat these regulations as the occasion to define the boundaries beyond which Selective Service cannot stretch its statutory mandate.

FOR

Fellowship of Reconciliation, Box 271, Nyack, New York 10960 (914) 358-4601

April 28, 1986

Rep. Edward Boland
Subcommittee on HUD and Independent Agencies
Appropriations Committee
House of Representatives
Room H143
Washington, DC 20515

Dear Rep. Boland:

On April 10, I wrote on behalf of The Fellowship of Reconciliation, requesting an opportunity to testify regarding Selective Service issues on May 6, 7, or 8. Having been advised that no opportunity to testify in person can be made available, I am submitting our organization's written comments on certain specific sections of the proposed new regulations changes.

The Fellowship of Reconciliation is an interfaith, pacifist organization with a 70 year history in the United States and a membership of 30,000 men and women from a diversity of religious traditions. The FOR has traditionally supported those who conscientiously object to participation in war and advises young men and women of their rights and options in relation to the Armed Forces and Selective Service.

The new Selective Service regulations prepublished on December 27, 1985 for public comment would adversely affect many individuals within the FOR's constituency who are conscientious objectors, limit the customary rights of registrants, and in many instances, possibly violate the intent of the law.

We had previously written Selective Service on January 20, 1986 with specific comments on a number of sections of the proposed regulations. We wish, in this testimony, to concentrate on those below.

Paragraph 23:

The addition of Section 1630.16 to the current regulations would redefine a conscientious objector as someone whose "acceptability for military service has been satisfactorily determined", in addition to meeting the current CO requirements (para. 23). This regulation would require that a person be both heterosexual and physically fit in order to gain official recognition as a conscientious objector. These provisions are not required by law and should not be implemented.

Section 1624.10 allows the Director of Selective Service to order any registrant who has applied for a classification other than Class 1-A to report for examination at a MEPS to determine acceptability for military service. Section 1630.16, however, appears to single out

-2-

conscientious objectors for submission to military authority prior to consideration of such a claim by the local board. On grounds of conscience, many conscientious objectors would not be able to submit to this requirement even if it were necessary to obtain a CO classification. Conscientious objectors should not be required to violate their beliefs in order for the government to recognize their convictions.

The FOR opposes the addition of Section 1630.16 and requests its deletion from the proposed revision of the regulations.

Paragraphs 29, 32 and 33:

The FOR also opposes proposed regulations that would remove the 4-F classification from civilian control. Section 1633.1 would grant a MEPS sole authority to grant a 4-F classification (Para. 29). The area office would only rubber stamp the classification (Para. 32). Section 1633.2 (d) then eliminates the right to appeal such a decision. (Para. 33).

Coupled with the new requirement that COs be examined by the military before their claim will be heard, the regulation can only lead to litigation. The haste with which the military phyicals are arranged, and the increasing likelihood that even if a registrant had opportunity to bring documentation of a long-standing but not obvious disqualification he would not be given a satisfactory review, makes this arrangement unsatisfactory.

These changes serve to militarize a process that was intended by Section 10 (b) (3) of the Military Selective Service Act to be carried out by a civilian agency and makes it impossible for registrants to challenge an erroneous 4-F determination without going to court. The probability of litigation resulting from these changes make it in the best interests of Selective Service (as well as registrants) to maintain the current regulations, ensuring both a civilian process for 4-F claims as well as rights for review and appeal of such decisions.

Because of the Fellowship of Reconciliation's particular commitment to maintaining the rights of conscientious objectors, as well as all others affected by conscription, we wish to be on record as in opposition to the proposed changes in Selective Service rules and regulations, as stated.

Respectfully submitted,

Richard J. Crohn
YOUTH ACTION PROGRAM

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AMERICAN ‡ LUNG ASSOCIATION
The Christmas Seal People ®

STATEMENT

of

THE AMERICAN LUNG ASSOCIATION and
THE AMERICAN THORACIC SOCIETY

to the

HUD-INDEPENDENT AGENCIES SUBCOMMITTEE of
THE HOUSE APPROPRIATIONS COMMITTEE

by
ROBERT G. WEYMUELLER

RE: PROPOSED FY 87 FUNDING FOR THE VETERANS ADMINISTRATION

MAY 7, 1986

National Headquarters 1740 Broadway, New York, N.Y. 10019 · James A. Swomley, Managing Director

FY 87 Funding for The Veterans Administration

The American Lung Association and its medical section, the American Thoracic Society, appreciates this opportunity to comment on the proposed FY 87 appropriation for the Veterans Administration. ALA, which is America's oldest voluntary health association, will focus its concerns on the VA's contribution to the prevention and control of lung disease.

Lung diseases constitute a devastating and growing health problem in the United States. Including lung cancer and emphysema, these diseases altogether rank third among the leading causes of death and sixth among the conditions responsible for premature retirement due to disability. COPD - Chronic Obstructive Pulmonary Disease - is the most rapidly increasing of the ten leading causes of death. The direct and indirect costs of lung diseases were a staggering $41 billion in 1985. With the aging trends now apparent in both our general and veterans' population, these cost projections are definitely upward.

In these days of budgetary crisis, the concept of disease prevention takes on even greater importance. It is essential to look beyond the immediate temptation to cut health funding. The federal government as well as the private sector have slowly come to realize that the best way to contain future health care costs is to prevent acute episodes of illness from developing into chronic conditions such as COPD. That is why the ALA/ATS urges this panel to maintain, and even increase, the modest health research/patient care monies of the Veterans Administration and to urge strengthening the non-smoking policies in VA facilities.

Basic new knowledge has been gained over the past decade, thanks in major part to the federal investment in lung research. The VA research program, while a limited part of the overall federal research commitment, has played an important part in new developments relative to the control of tuberculosis and COPD. Now that opportunities exist for major new COPD and TB initiatives to be undertaken by researchers, it is time for the VA health budget to step up its lung research commitments.

There are still over 20,000 cases annually of tuberculosis in this country; yet, this historic infectious disease could ultimately be eliminated. TB research conducted by the VA could help stimulate development of major new treatment and preventive methods that would speed up reaching that goal.

Smoking has long been identified as the primary cause of emphysema. That smoking is a major factor in VA health care costs was confirmed by the VA's own figures. The ALA was told earlier this year the VA compensates nearly 42,000 veterans suffering from emphysema, chronic bronchitis, and lung cancers, all of which are primarily smoking-related. The government now pays these lung disease victims nearly $15 million per month in compensation or pensions. Actually, the VA considers these figures an "underestimate" of the real toll taken on the health of American veterans by smoking-related disorders.

The ALA is working with the Pentagon to step up its educational efforts to combat smoking in the military which is substantially at a higher rate than smoking in the general population. Meanwhile, this subcommittee should urgently recommend to the new head of the VA that the strongest possible VA policies should be adopted to limit and discourage smoking in VA facilities. Such a policy would be in keeping with efforts elsewhere in the federal establishment; for example, the move to prohibit smoking in all Indian Health Service hospitals.

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